

REFINEMENTS TO THE STEWART McKINNEY ACT

HEARING BEFORE THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS OF THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

S. 566

TO AUTHORIZE A NEW CORPORATION TO SUPPORT STATE AND LOCAL
STRATEGIES FOR ACHIEVING MORE AFFORDABLE HOUSING; TO IN-
CREASE HOMEOWNERSHIP; AND FOR OTHER PURPOSES

THE NATIONAL AFFORDABLE HOUSING ACT

JUNE 1, 1989

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CONTENTS

THURSDAY, JUNE 1, 1989

Opening statement of Senator Cranston	Page 1
Opening remarks of Senator Dodd	25

WITNESSES

Steven Banks, Coordinating Attorney, The Legal Aid Society, Homeless Family Rights Project, New York, NY	11
Prepared statement	35
Daniel J. Wuenschel, Executive Director, Cambridge Housing Authority, Cambridge, MA	5
Prepared statement	44
Raymond L. Flynn, Mayor, Boston, MA	6
Prepared statement	62
Michael C. Piper, Assistant Director for Housing, Washington State Department of Community Development, Olympia, WA	5
Prepared statement	73
Andy Raubeson, Executive Director, Single Room Occupancy Housing Corporation, Los Angeles, CA	4
Prepared statement	78
Mitch Snyder, Community for Creative Non-Violence, Washington, DC	6
Robert Hayes, Director, National Coalition for the Homeless, Washington, DC	8
Prepared statement	84
David Schwartz, Member, New Jersey State Assembly, New Brunswick, NJ	9
Prepared statement	89
Ronald L. Williams, Executive Director/Senior Vice President, Covenant House New York, New York, NY	10
Prepared statement	98
Fred Brancato, Chairman, National Organization of State Associations for Children, New York NY	3
Prepared statement	104
Jonathan Zimmer, Executive Director, Action Housing Inc., Pittsburgh, PA	5
Prepared statement	111
Dr. Steven Goldfinger, Associate Clinical Director, Massachusetts Mental Health Center, Boston, MA	12

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

American Psychiatric Association, statement by John A. Talbott, M.D.	114
Weingart Center Association, statement by Maxene Johnston, president	123

(III)

**REFINEMENTS TO THE STEWART McKINNEY
ACT
THE NATIONAL AFFORDABLE HOUSING ACT
[S. 566]**

THURSDAY, JUNE 1, 1989

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met at 10:00 a.m., in room SD-538, Dirksen Senate Office Building, Senator Alan Cranston (chairman of the subcommittee) presiding.

Present: Senators Cranston, Dodd, Kerry, Bryan, D'Amato, and Pressler.

OPENING STATEMENT OF SENATOR CRANSTON

Senator CRANSTON. The hearing will please come to order.

I welcome all of you who are present, those of you at the table, Senator Pressler, and all others who share our interest in housing.

Today, we are continuing the Housing Subcommittee's series of hearings on S. 566, the National Affordable Housing Act, which was introduced on March 15.

I am pleased by the strong, bipartisan support that the bill is receiving. As of this morning, the bill is cosponsored by 39 Senators—well over one-third of the Senate. A strong majority of the full Banking Committee is also cosponsoring it. I expect that a number of other Senators will be adding their names to the list of cosponsors before long.

The National Affordable Housing Act has emerged from 2 years of careful thought and hard work by a wide range of organizations and individuals throughout the Nation. I believe the bill provides our most promising chance to launch the effective national housing strategy that is so long overdue.

This morning's hearing will address action to relieve the plight of the Nation's homeless. About 2½ years ago, this subcommittee first considered the problem of homelessness. It was the first hearing I scheduled as chairman of the subcommittee. Both Mayor Flynn and Mitch Snyder, who are here with us this morning, attended that hearing as well.

During the past 2 years, the facts of homelessness in our country have shocked and moved the overwhelming majority of Americans. The National Alliance to End Homelessness estimates that some

736,000 people are homeless on any given night—and, according to the National Academy of Science, 100,000 of those homeless people are children. The National Alliance estimates that some 1.3 million to 2 million people are without shelter for at least one night during the year and that approximately 6 million Americans are at extreme risk of becoming homeless because their housing costs are so high.

Our 1987 hearing led to enactment of the McKinney Homeless Assistance Act and to later congressional action on the problem of homelessness—in the Housing and Community Development Act of 1987 and the McKinney Homeless Assistance Amendments of 1988. Congress took all of those steps despite indifference and even resistance from the most anti-housing administration this Nation has known in 50 years.

Sadly, the actual appropriations for McKinney Act programs have fallen far below the authorized funding levels, although the McKinney Act will be fully funded for fiscal year 1990.

But even full funding of the McKinney Act is not a sufficient national response to the outrage of homelessness in America. After more than a decade of severe neglect, it is time to establish a national housing policy that will increase the long-term supply of decent housing that is affordable to low-income and moderate-income Americans.

The National Affordable Housing Act is designed to provide that new strategy. The bill is no cureall for the Nation's housing ills. It will not solve our housing problems overnight. But I believe it provides a sound blueprint for a determined national effort to provide decent, affordable housing by mobilizing all of our resources—resources of Government at the Federal, State and local levels; and resources of the private sector, including non-profit organizations and private industry.

We have designed the bill so that it can be effective at the inadequate levels of Federal funding we may be forced to accept in the near future—but also to be easily expanded to accommodate more adequate levels of funding that I hope will be available in future years.

The bill proposes substantial revisions to the McKinney Act to help States and localities meet the needs of homeless people more effectively. First, the new bill will distribute most Federal homeless assistance directly to participating States and localities through a highly targeted formula that recognizes the severity of homelessness.

Second, the new bill gives States and localities the flexibility to determine how best to allocate assistance among approved activities—activities such as homelessness prevention, emergency shelter assistance, transitional housing, permanent housing for handicapped homeless people, and supplemental assistance.

Third, the bill gives States and localities the incentive to establish long-term strategies to reduce or eliminate homelessness. Strategies could more easily be tailored to local needs.

I would like to say a few words about the format of today's roundtable hearing. I have found that this approach can provide for a much more thorough and informative discussion of ideas among witnesses and subcommittee members. We have an out-

standing group of participants this morning. I am grateful that you have agreed to join us.

All of our witnesses have helped us refine the list of issues to be explored during the hearing. These are key issues that the subcommittee must consider carefully as legislation is being refined. Our time is short this morning so I will try to move the discussion along to include all of those issues. The roundtable will be most useful to the subcommittee if witnesses share differences of views as well as areas of agreement.

So, let's begin our discussion, and let me say that, instead of having opening statements by each of you, we will simply start a discussion. I will ask a rather broad general question to kick it off and then whoever would like to respond first, please do. Then let's just have a discussion back and forth between all of us at the table.

I want to stress I am most interested in hearing differences of opinion, where they exist, just to give us a chance to evaluate those different opinions. And, obviously, we want advice and thoughts on the legislation on the problems of homelessness and what to do about it.

So, to start off, during the last few years, as we all know, huge volumes have been written and spoken about the homelessness in America. Each of you has been dealing with the crisis firsthand in a variety of ways.

What do you now see as the most troubling trends in the problem of homelessness, what are we likely to be facing in a few years if current trends continue?

Who would like to start?

Mr. BRANCATO. I'd like to just mention a little bit about where I'm coming from and what I'm speaking about in reference to this question.

I work as the executive director of an association of child-caring agencies in New York State. They provide essentially foster care, community-based family preservation services, and child protective services as well, and adoption services.

There experience is—we serve about I would say 50,000 children and families at any given time. Their experiences will form the basis I think of my views here. I am also representing a national organization of State associations like mine. There are 25 States involved and there maybe are 1,000 agencies involved in this, and they all have identified housing as a major issue for them in terms of what they're experiencing with regard to the families and children who are coming into their care.

We are finding that increasing numbers of families are suffering from substandard housing—not just homelessness—and are doubling and tripling up. In one of the surveys that one of our agencies did, they found that 30 percent—this is a community-based family preservation program—30 percent of their families were doubled and tripled up. We find in a survey we did in 1987 that among 23 of our member agencies in New York City, there were 311 children who could have been returned home had there been a place to return them to. And among those 311 children, there were 151 siblings who were involved.

The situation is such that often when you try to clear up the problems that a family is experiencing you have the complicating

factor of housing which makes it worse. You have people living in substandard housing with no hot water, not heat. It's very hard to live humanly in these conditions and situations.

Often, the community-based family preservation programs tell us that the one thing that really breaks the straw on the camel's back is the fact that the housing falls apart and often children are coming into foster care. They can't get access to housing. The families can't get access to housing. So there's that frontend piece which is very important.

Then there's the backend piece, particularly with increasing numbers again, as I mentioned earlier, of children not being able to be returned home or reunified with their families.

Another agency recently did a survey and they found that among the 700 children that were in their care—this is foster care now who had a goal of return-to-parent—that 400 of them will have housing as an issue keeping them from being reunited with their families because they are living in substandard conditions once they get all the other problems solved.

So the feeling that we have, as service providers, is that the housing issue is impacting tremendously on the foster care system. There are a number of children who are coming into care who are more seriously disturbed and the families are in greater disarray. There's enormous pressure. The system is expanding. It's jumped in New York State alone from 26,000 children in care 4 years ago to now 42,000 children in care. It's expanding at just incredible proportions. Tremendous stress is put on the agencies to take children. At the same time they have a number of children in their care who could be sent home and where residential placements could be made.

So my sense is that there should be a priority given in your bill for families who are in jeopardy of being disrupted as a result of housing and who have children in foster care where there is an ability to return the child home but housing is the only remaining factor.

In conjunction with that, there is a situation where there are many children who are aging out of the foster care system. I know the Coalition for the Homeless brought a lawsuit against New York City in this regard that there were children between the ages of 18 and 21 who are homeless who had been in foster care with no place to return. The Federal Government had come out with money, \$40 million over 2 years, to provide independent living training to a lot of the children in foster care. Often these children don't have places to go and no matter how much training you provide in terms of how to manage a budget, how to get employment, how to do these things, there is no place for these children to live and many of them are becoming homeless.

So I would just like to make the very strong urging pitch at this point that preferences be given to, again, children who are coming into foster care as a result primarily of housing as an issue.

Mr. RAUBESON. Senator, I may be the only one who has this view and I have some fear when I hear the other point of view. My fear is that it's OK in this society to define single persons who are homeless as the undeserving poor. God knows, we do not want to put them in competition with mothers and children for scarce

funds, but we also don't want these single individuals classified unter menschen who are beneath the concern of society as a whole.

So I would not like to see an over-preference to families and children on homeless issues at the expense of single individuals who are very much in need of our help.

There are Federal assistance programs for virtually everyone in need in our society except for the single able-bodied. We have aid for families with dependent children. We have supplemental security income for people who didn't earn enough on Social Security or people who are disabled. Only 10 of our States have general assistance or in some place it's called general relief programs for able-bodied singles.

They need assistance. They need to be covered by Federal programs dealing with homelessness. Again, I don't say it should be at the expense of families and children, but I think too often we say the general public can identify with the family and the child. We have to do a better job of educating them towards the needs of the single homeless individual.

Mr. WUENSCHEL. We are all going to have a problem because the alarming trend it seems to me is that the poor in our country, as a percentage of the total population, over the last 10 years have increased from 12 to 15 percent, and at the same time we've lost a million units of affordable housing. And so the shrinking resource; it's no mystery—I'm from a public housing authority. When I began in the business at the present housing authority 10 years ago, we had a development staff of five and we had a tenant selection staff of 2 or 1½. And in the last 10 years, that ratio has exactly reversed.

So what we're all about here is dealing with shrinking and shrinking resources and kind of quibbling and worrying about preferences for the people who need help.

What we need is more housing production. We've got to gin up the production program. We've got to preserve the existing affordable housing units as quickly and as rapidly as we can so that the housing authority isn't fighting against the homeless coalition, and the homeless coalition or somebody isn't worried about the single individuals versus the families. All of those people are very needy and they are going to continue to be needy.

The alarming trend that your question suggests is a lack of housing.

Mr. PIPER. I would concur. From the State of Washington's perspective, we're all scrambling to help the homeless. There's a huge population in our State whose relative incomes are decreasing and housing prices are increasing. So I would concur with your comments. I think there are a lot of people who are walking the line who at any day or any month with a lost paycheck or a big bill can become homeless.

Mr. ZIMMER. I think if there's any good thing, Senator, that has come out of the homeless problem it is that it has galvanized the country's attention, to the very real housing crisis which currently exists in the United States. I agree with the comments of the other speakers that there's a much, much larger problem behind the homeless population—women, children, individuals, et cetera—and the good things that are in this bill that encourage me the most

are the recognition that we finally now have to blend together housing people with supportive service people and develop a true comprehensive program to address these urgent problems.

Mr. FLYNN. Senator, before we get into the business of determining which group of people deserves the most attention by the Federal Government, I think it's very fair to point out that according to the survey that was conducted by the U.S. Conference of Mayors, while it showed that there are alarming increases in families—34 percent increase in families—and women with children is the largest identifiable increase, and I know an issue that was of deep concern to you in our last discussion was veterans, particularly Vietnam veterans who are homeless.

But I think the point that really ought to be established at the outset is that the lack of affordable housing is resulting in all categories of people falling into the area of homelessness—single men, single women, families, veterans. You can't go from producing 250,000 to 300,000 units of housing at one point in time in our country's history and then have that reduced by 75 percent and then put a small amount of money on the table and ask everybody to compete for it and say "you people slice up the pie."

One of the questions that we're always asked, and Mitch Snyder and Bob Hayes could answer this question better than I could, is "Mr. Mayor, what do the mayors really want? Do they want the money spent for shelter or do they want the money spent for affordable housing?"

Well, that's a hell of a question to ask because the lack of money for affordable housing is responsible for the crisis of homelessness in our country. What we really need here is an equal commitment that members of the Congress seem to have for a wide range of bailouts to be geared toward providing safe, decent and affordable housing.

So if there's one issue that really can address the fundamental root causes of homelessness in this country, it is the issue of expanding the supply of affordable housing. Then we can get away from pitting families versus single individuals and veterans versus some other group because America is at a crisis point in homelessness and it is affecting all Americans, not just one aspect, not just the cities, not just poor people. It's affecting middle-income people, veterans and it's affecting a wide range of people, Senator. We appreciate your leadership on this issue, but Mitch Snyder could give an explanation of that question that is asked of us all the time.

Mr. SNYDER. I appreciate that. Good morning, Senator.

To respond to what has been raised by Mayor Flynn's question, I will answer it somewhat circuitously. First, one real concern that I have is that in discussion with many Members of Congress I hear voiced the opinion that the McKinney Act has somehow solved the homeless problem and why do we now come back asking for housing.

As one who, as I think you know, can claim some authorship to the McKinney Act, at least in its initial stages, I would remind everyone that the McKinney Act is simply a fairly large band-aid. To put that in proper perspective, if all of the people presumed to be homeless in America today were provided simply overnight shelter at prevalent costs, we're talking about \$24 billion a year. Those fig-

ures that you used before, while I don't think we need to get into a discussion about figures, bear no relationship to reality and they come from places that don't necessarily have a vested interest in determining real numbers. So the McKinney Act obviously, even if it just provided bare-boned shelter, couldn't come close to doing that.

Senator CRANSTON. Which figures are you questioning?

Mr. SNYDER. All the numbers—100,000 children, 750,000 homeless people—I mean those aren't even close. We're still living with stuff that the HUD report spewed out in 1984, and that's been fairly discredited. But numbers tend to take on a life of their own. The NEA talks about 700,000 homeless children and their estimate is conservative. So we're talking about big numbers. The prevalent estimate is 3 million and while no one knows with certainty how many people are out there, anyone who would suggest it's not in the millions doesn't have any understanding of what they're talking about.

Senator CRANSTON. Where does the 3 million figure come from?

Mr. SNYDER. It comes from a number of sources. It comes from the National Coalition for the Homeless. It comes from the APA. It comes from the Conference of Mayors. It comes from studies that are no more scientifically precise than some of the other studies that have been done, but it comes from studies that didn't have a built-in bias or in fact were fraudulent in their construction and were intended to just drive down the numbers. As I say, I don't think we want to get into a discussion of numbers. I spent almost a year of my life putting together material on some of the studies that have been done and some of them are really disgustingly fraudulent, but I don't think we want to make that a topic of this conversation.

Senator CRANSTON. No, we don't, but before you go on to your second topic, which I want you to do, does anybody differ with what Mitch is saying about the numbers?

[No response.]

Senator CRANSTON. OK. Go ahead.

Mr. SNYDER. The choice that the mayor describes is an artificial one and it's one that I refuse to get caught in. To suggest that we have to choose between putting an emergency roof over somebody's head and providing decent, safe and affordable housing for all of our citizens is an impossible choice and an uncivilized one to suggest that we should be making.

Number three, we are dealing with a false economic construct. I get extremely angry when I hear anybody, including Members of Congress who I consider progressive and decent, tell me or tell anyone else that we're dealing with a limited number of dollars. We are the wealthiest country the Earth has ever seen. We can come up with tens of billions, probably hundreds of billions of dollars to bail out S&L's, to clean up nuclear waste dumps. To tell us that 80 percent of the housing budget or nearly 80 percent which has been eliminated in the last 8 years can't be put back because we're in the midst of an economic crisis strikes me as a false concept, a false precept. There is no reason why we can't come up with that money so that we can have decent, affordable housing for everyone while at the same time doing the civilized and humane

thing, which is making sure that people have some place to go into to get in out of the elements while we are creating this housing, treating it as a real crisis and the emergency that it is. And that, to be honest, is what I find to be lacking for the most part up here.

I've been to over 100 communities in the last 6 months and I have met with every kind of person you can think of, from poor people to homeless people to rock-rib wealthy Republicans, and all across this country people are asking why the hell can't we have decent housing? We promised ourselves that in 1949 and when people start talking about the deficit I see folks jumping up and saying, "Deficit? They can come up with \$150 billion for the S&L's. Don't tell us you can't come up with whatever it's going to take to put back the money that will get us back to where we were in 1981."

Mr. HAYES. Senator, sitting, as usual, at Mr. Snyder's right, I want to say first of all, amen.

Second of all, your first chapter in the list of questions is entitled "Alarming Trends," and perhaps the most alarming trend is captured by the sense that we have just begun to throw in the towel and now look at these things like soup kitchens and bread lines and emergency shelters which as recently as a decade ago were sources of national embarrassment as points of light, as things we boast about, because here we are praising volunteerism, sometimes in partnership with McKinney money.

And, Mitch, it's not really true that the McKinney Act is a large band-aid. It's a very small band-aid, given the size of the wound that we're facing.

Senator, I would ask you a personal favor. We do support the Cranston-D'Amato bill. We think it's a good bill in the sense that every single bed, every single housing unit that's built is a good thing. But we also think that the sponsors, particularly yourself, Senator, should preface any discussion of the bill with a sense of shame, that even with this bill trumpeted quite proudly and quite properly as a strong omnibus bill, that it still accepts the fact that there will be a radical imbalance between the need for housing and the supply of housing even if this bill is totally enacted, that even after this bill is enacted there will still be hundreds of thousands of people living on city streets, living on country streets, living increasingly in suburban lanes, and that's effectively, even in the face of this bill, an admission that we are still going to accept homelessness.

I don't think we have to do it. I don't think Democratic Members or Republican Members of Congress have to accept it because you have a bunch of do-gooders here, as usual, and we probably are all going to speak about how we don't want to accept this kind of choice between who do we house, mothers and kids or kids aging out of foster care. We don't want to choose between permanent housing and temporary relief.

Maybe we don't really have to choose against just helping some homeless folks because even people who aren't do-gooders are kind of tired of homelessness. Even the Heritage Foundation has said to the Bush administration, "Those damned liberals are still in this issue, President Bush. Let's do something about it. Let's clean up homelessness. We can do it."

I sure hope that the next round of hearings on public housing begin to push very strongly that the myth of the drug-crazed public housing image we have in this country is not true and maybe the next roundtable on public housing could be one of the 95 percent of the public housing complexes around the country that are splendid examples of what Government can do successfully.

There is a sense of defeatism and, sure, the numbers are up and the number of kids are up, but the alarming trend I sense is just throw in the towel among some of the best and brightest people in this institution and saying we can accept homelessness.

Senator CRANSTON. I'd like to just make one comment. I agree with you, Mitch, that it's a disgrace we can't have all the resources to deal with the problem at once. We should. But the fact is that we will not have. We just don't have the capacity in the Congress or in the administration within the budget to do all that we would like to do. We will do all we can to get as much funding as we can. But realistically we just can't expect to have all the money we need to do the things that money could do. So we are going to have to have some discussion of what we have to give priorities to, given the fact that there are some limits on how much we will be able to make available.

One correction also, Mitch. The savings and loan situation is another disgrace, but it is not bailing out savings and loan institutions. It's keeping a commitment to individuals or entities who made deposits in those institutions with the commitment by the Government that they were guaranteed. When the institutions got into financial trouble, the Government had that obligation. So it isn't going to institutions. It's going to individuals or entities that had deposits in them.

Mr. SCHWARTZ. Senator, I think the most alarming trend in the area of homelessness is that it keeps growing. It keeps getting bigger every year, whether the number is 700,000 on a given night or 3 million on a given night. Every year it gets bigger. The Conference of Mayors says it grows by 20 percent. Other studies say it grows by double digits. We're turning people away from shelters.

And every time, Senator, that number goes up, it's a failure of prevention. In the discussion this morning we've heard about the root causes of homelessness—lack of housing—and the shame on a day-to-day or night-to-night basis, of lack of shelter. I want to suggest that there's a missing step here that's not sufficiently emphasized in your legislation, either, and that is homelessness prevention.

It's in the McKinney bill. The words are in your bill, and there's some improvement in those words. But the fact is that fewer than 10 percent of the States even mention prevention in their CHAPS. Yet those 6 States that have adopted prevention programs, emergency cash infusion at the point of eviction, ombudspersons to see that illegal evictions don't happen, have saved people—so many in New Jersey—20,000 people from being evicted into homelessness at a cost two to three times cheaper than shelters, and 10 to 30 times cheaper than welfare motels. There are also citywide strategies in New York, St. Louis, Denver, and Anchorage that merit looking at.

Later in this morning's panel when you get to the specifics of your legislation I'd like to make an argument for a different kind of prevention program.

But the one thing that I think ought to be said here is that a substantial portion of the homelessness that all of us are decrying is caused by the Federal Government. We've got to say that loud and clear. The failure to arrive of a government check, in programs that you voted for, to people who have qualified for it, constitutes between 10 and 30 percent of homelessness in New Jersey. People who are qualified for social security don't get it for 5 months due to "start up" delays. People who requalify for AFDC, don't get it for 4 months. You can get very homeless in 5 months or 4 months time.

So there needs to be a Federal entitlement ombudsperson program where stakes aren't only told: "Get clever, you're going to have lots of flexibility." We need more than flexibility. And, ultimately, the largest truth is that we need a separate pot of money for prevention because to pit the near-homeless, as was being discussed as a result of the Washington experience—to pit the near-homeless against the already-homeless is both morally, politically and civically wrong.

So I would urge us later to have a serious discussion about prevention, not just about long-term affordable housing. I agree, of course, with the mayor. Not just about shelters. I agree with Mitch and Bob Hayes. But we really need a separate discussion here about specific preventive programs.

Mr. WILLIAMS. Senator I'm Ron Williams representing Covenant House in New York and I don't feel that we're in competition at all in terms of young adults, adolescents or adults when it comes to homelessness, but because we're on the subject of what you're referring to as alarming trends, I think it's important for me to make some statements on behalf of the adolescents and young adults that I experience on a day-to-day basis because they really represent in many ways, if they stay alive, the future able-bodied homeless individuals in the city that I work in.

The alarming trend to us is over the last couple of years we don't see runaway kids in the city of New York. Most people believe that when they hear about Covenant House that it's kids that have run away from other States that have come to the city. We are dealing with kids from the inner city who literally are without resources and the most disconnected group of kids I've ever experienced in my professional life working with young people—disconnected from resources, from family resources, and they end up in the streets.

I think the things that we have to look at is that while our numbers are not staggering beyond what we expected at this point in time, even stabilizing a little bit in terms of numbers, still, 10,000 different young people went into our program during the course of this year.

The real staggering piece to us, however, is the complexity of the young people that are coming into our program. So many more of them absolutely addicted particularly to crack, with 90- to 120-day waiting periods for them to get into programs and so they will spend a lot of that time on the streets, with 7 percent of the 10,000 kids that come into our program who are HIV positive. I think

these are staggering issues that one has to look at in terms of planning not just for today but for tomorrow.

Another issue that I think has to be identified is the alarming number of mothers with babies that are entering the program, homeless without resources. I say it's alarming.

At Tulane University recently in a study they called it just short of astounding, the rate that teen pregnancy among homeless females. Among 13- to 15-year olds, the rate is 14 percent as compared to 1 percent of the general population and among 16- to 19-year olds the rate is 31 percent as compared to a 9-percent rate in the general population.

Of the 10,000 young people I've talked about, I'm talking about in excess of 1,000 single females with children that have come into the program in the city of New York.

Senator CRANSTON. Let me put one other sort of general question to you. Suppose we had enough housing so that everybody who needs it should be able to get a roof over their heads. How much of the problem would still exist and how much is the problem now aggravated by other factors like mental illness, like a veteran from Vietnam who hasn't been able to adjust after that traumatic experience, like children who are on the loose, like people who are trapped in the drug culture? How much of it needs other approaches other than just providing the housing?

Mr. HAYES. Senator, so much of that debate is frustrating to us I think in the sense that it is often posed as an either/or. It's a problem of housing or it's a problem of drugs and mental illness.

Senator CRANSTON. I'm not saying either/or, but just how much of the problem is produced by factors other than the lack of a roof?

Mr. HAYES. It's all produced, Senator, by the lack of housing. To have a reasonable solution, in many instances, we are going to need housing plus something, but the common denominator will always be housing and estimates are different in different parts of the country. In almost every part of the country, though, a majority of the homeless folks need simply housing that's affordable and in most parts of the country a significant minority need something in addition to housing.

But the important thing to remember, particularly for this committee, is it's not an either/or and the common denominator for 100 percent of homeless people is the lack of housing.

Mr. BANKS. Senator, a more useful question may be to look at how much is homelessness contributing to the problem of drug use. I pose this comment with full appreciation of the struggle that you and Senator D'Amato may have with your colleagues to obtain appropriate funding, but one of the alarming trends is the tendency to look at this simply as a question of how much will society spend to create housing as opposed to how much will society spend because of not creating housing. Look at a generation of homeless children or a group of adults in their 20's left on the street or left in deplorable conditions. The ultimate social cost from increased drug use—problems of medical care, problems of ultimate unemployment and dependency and increased reliance on government programs—has to be factored into the cost of failing to create appropriate amounts of housing. Because the condition of being homeless is so brutal—at least from the New York experience of

which I speak—that families who enter the system intact are beaten down by the system to such a great extent that the ultimate cost of what government has to do to put that family back together is far beyond the cost of providing enough housing to keep that family out of the shelter system to begin with.

Dr. GOLDFINGER. On the other hand, kind of reading between the lines, if you solve the scarcity problem, you still have the question of that incredibly vulnerable people. I come from sort of the narrowest perspective of many of the folks here. I'm a psychiatrist. So obviously the folks that I see are homeless and mentally ill. I think that one of the experiments and a good experiment is if I plot all of the crowd that I deal with into a two-bedroom apartment for every one person, how many of them would be homeless again a year later. I think the answer is a fairly significant number if I only put them into an apartment and I think that if you look at the overall problem, there's always going to be some interface of the lack of housing and the inability of people to manage it. That's not just for the homeless mentally ill. If you put somebody into an apartment who can't work and don't offer job training; if you put the families into a housing project and don't offer day care, unless you continue to subsidize.

So to me part of this is prevention, that is that it is not just providing housing, but also providing the kind of supportive services needed. Some of that is new money. Some of that doesn't even require new money. I think that a lot of what we see is lack of integration of existing programs so that there aren't tie-ins between housing programs, mental health programs, job training programs, day care programs.

I'm not pretending that without new money, if you just lumped them all together and everybody started talking that the problem would be solved, but there really do exist a large population that are so vulnerable that—put somebody with a major substance abuse problem into permanent housing, some degree of them are drinking because they are on the street or shooting because they are on the street. Some of them have a problem with drugs that preexisted before they were homeless that was more causal. Unless you deal both with the vulnerability and the availability of resources I think you're barking up the wrong tree.

Mr. SCHWARTZ. Senator, in New Jersey it's exactly the opposite, 70 percent of the people who are helped by our program—just cash infusion—are still in their apartments a year later without any assistance.

Does that mean we shouldn't have drug programs? No. Of course, we should have drug programs and mental health programs and alcohol programs. But the overwhelming problem here is to provide decent, livable shelter. There are all kinds of problems out there in society, but we are dealing with the housing bill here today and we will be diluting our own influence if we talk endlessly about all the other array of problems. We are not in any danger, with this legislation, of solving the housing problem.

When we get to that point of being in danger of solving the housing problem, we might address the question of what's still going to be left. The most important thing I want to leave with you this morning in relation to the problem that exists, is the problem of

people who are about to be homeless, and the people you will be talking about next year at these hearings if we don't improve our prevention program. We definitely need all of the affordable housing acts and we definitely need all the new housing construction. We need temporary housing and permanent housing and transitional housing for the people already on the streets, but in the middle is a missing step. That is, there's insufficient emphasis on keeping people in the housing they are living in now. The most important homelessness program we have is helping people stay in their homes now. That could be done.

Dr. GOLDFINGER. Let me just say that our data in fact is not opposite. I would absolutely agree. My guess is 70 percent of the people would benefit from the provision of housing and 30 percent would need something more. I don't think there's any discrepancy.

Mr. RAUBESON. Senator, I think your question deserves an answer and I think to a certain extent you're hearing frustration from the trend to treat homelessness as a pathology in itself and people react to that very strongly.

In the SRO Housing Corporation in Los Angeles, we own 12 hotels and we have designated 6 of those as special needs housing for vulnerable people, one of them for some of the most vulnerable people—the chronically mentally ill.

In our State of California, in 1960, there were over 55,000 people in mental institutions. Today, there are about 5,400. That's probably fairly typical across the country. If one were to assume that the current population of California is no more mentally healthy proportionately than in 1960, which I would assume is a fair assumption, there would be—with the population growth in that time—close to 80,000 people under the same policies of 1960 before deinstitutionalization in mental hospitals.

I am not suggesting that we go back to reinstitutionalization, but where are those 75,000 people in California? Many of them are wandering around the central cores of our major cities, terribly victimized on a regular basis, and incidentally, scaring the bejesus out of the middle-class housewife who comes in and shops which causes economic problems. It should be seen as in the best interest of developers and others to try to help us solve that problem.

But I think your question is well placed and your attention to what you're calling supportive housing I think is an excellent step in that direction. It's what we've been calling special needs housing. It needs attention. It needs to be part of the mix. I'm not sure I can give you the exact formula on priorities there, but those vulnerable people in our population do need the assistance of government more than almost anyone else and I would like to see some specific addressing of their problems and in particular the chronic mentally ill.

Mr. PIPER. I think you raised a good point. I think what we've seen in Washington is that housing is the infrastructure for the delivery of services. In other words, it's a catch-22. You need the housing for the services and you need the services for the housing and without both of them at the same time neither of them works in a large number of cases.

In terms of substance abuse, we do find that a large number of our emergency shelter occupants do have substance abuse prob-

lems. Also, we will begin to see more people on the street as a result of drug evictions—you create a revolving door out of public housing and into emergency shelters as an outcrop of a new policy.

Mr. BRANCATO. Senator, very much in the flow of what's been said so far, in terms of the experience of the community-based family preservation programs, they are reporting that there are more families with serious mental illness that they are experiencing, more families suffering from drug abuse, particularly crack, and particularly women are affected by crack—a higher percentage of women.

I think what everyone is saying here relates to the experience of those providers in the community and that is that it becomes very hard even to work with the family when they are living in a deplorable situation, that the housing and the various different services and the various different needs they have are all intertwined and it's like catch-22 you talked about.

Housing is a very basic thing to the well-being of the family and the ability of the family or the individual to work their way out of where they are. So they are equally important.

I also have another observation I just want to make. It comes out of your question. That is that one of the alarming trends I see in government in this regard is that it tends to approach the problems perhaps in a fragmented way and so you have housing departments just working on housing and others just working on employment and so on. I think the issues we're talking about when we're talking about housing issues and homelessness, we're talking about employment issues and we're talking about drug abuse and we're talking about mental illness, but I think also these things have to be integrated.

There is a need to look at all these problems simultaneously and see what can be done to coordinate how this thing is approached.

I just wanted to ask you, Senator, is there a body in the legislature or is there much coordination going on between the various different committees dealing with the various different problems? I think that would be a very important element and dimension of worth that should be done.

Senator CRANSTON. Well, there will be. We haven't been able to do too much of that yet because we're trying to find out exactly what we should be doing in various committees.

Let me ask another question. I think we should begin to focus on what we should be doing and how you feel about the proposals in the bill that we've introduced.

Let's start with the McKinney Act as it has been. Apart from the lack of adequate funding, what problems have there been with the McKinney Act that need to be remedied?

Mr. PIPER. I think in part the competitive nature of it denies funding to small communities and cities and rural areas, especially. They don't have the matching funds and they don't have the sophistication and yet they may have the same amount of need or maybe even greater in some cases. But they can't compete well in national competition. I think that's a major problem that we see.

Mr. SCHWARTZ. In the prevention area it pits the near-homeless against the homeless because you don't get any extra money or any separate money for prevention. You are restricted under McKinney

as to what percentage of ESP money should be used for prevention. You are also restricted in the Emergency Community Services Homeless Block grants by a percentage of how much money you spend on prevention.

A separate provision on prevention, strengthening both a Federal commitment—in the form of an entitlement buffer fund—as well as State commitment to preventing homelessness is much called for.

Mr. WUENSCHER. One of the problems that we face in our business all the time is that regulation tends to frustrate legislative intent. There's one example of that with McKinney from the housing perspective and that is: I recall in the early drafting of McKinney talking to some of the staff on your committee about the ability to target section 8 moderate rehab to specific buildings or projects, if you will, to provide single room occupancy facilities. And that in its inexorable way kind of came around through the regulations as saying you had to have an option on a building before you could apply for the McKinney money. What we need in the field is to have some more flexibility so that we can take advantage in low turnover, high-priced real estate markets that we can have certain assurances of funding in the back pocket, if you will, so that when you have an opportunity to seize a building or whatever you can do so.

But meeting that requirement up front before you can apply, you can just never put the two together.

Mr. BANKS. Just an additional observation.

Senator CRANSTON. Excuse me. There's a rollcall so I think we should go over and vote. But so we can continue the discussion for the record, I'd like to ask Don Campbell, the staff director, to carry on until I return which will be as fast as possible.

I'd like to add, because some of you have plane schedules to meet, we are going to stop at exactly 12:25. We have a lot of ground to cover.

Mr. BANKS. I would just add, from a New York perspective, one of the problems with McKinney has been the fact that there's no limitation on the kind of emergency shelter that is permissible. For example, in New York, you have a locality developing barracks-like shelters for families with Federal moneys and all you're left with at the end of that is barracks that aren't usable for anything else, not to mention the fact that it's not a particularly wise idea to have children in a barracks-style setting. To the extent that there's some limitation on the kinds of shelters that can be developed, at least you might end up with an apartment-type unit which ultimately is usable as permanent housing. From our experience in New York, it would take no shorter period of time or less funding to construct the barracks-type shelter housing than to create apartment-style housing. So we would encourage you to limit very closely the kinds of housing that can be developed for families with the funding.

In the second area, I want to echo the comments that were made by my colleague from New Jersey about prevention. In the prevention field, your report last year pointed out that prevention funding was available for legal representation as a method of preventing homelessness and it's very important that that continue, but

you are pitting the prevention funding against shelter development funding and there's a critical need for both.

Last, while funds can be used to create permanent housing for the handicapped, funds cannot be used to create permanent housing for any other population. So the McKinney Act does exactly what we all discussed at the outset. It competes and it selects one particular group that can get permanent housing through this Federal funding stream but none of the other groups can.

Mr. RAUBESON. I'd like to comment, section 8, as you are very well aware, has made a mere pittance of number of units available for SRO section 8. I do not think it is wise policy to have them hanging out there on the hopes that a project will develop. What's happened to section 8 in the past in those circumstances is that people sit on reservations and that gets carried forward to the next year and we don't get housing. The first two rounds of the section 8 moderate rehab for SRO's have been terribly oversubscribed and there have been very, very minor site control requirements—a dollar option put in to buy is enough to create site control until you get permanent financing.

But the real problem with the McKinney Act across the board is the glacial speed with which Federal agencies, particularly our favorites at the Department of Housing and Urban Development, have processed program grants. They have done an execrable job. Starting with FEMA, there have been times when programs with a very strict limit of when they could spend their money on the rear-end get their money a month before they have to have it spent in a 9-month program. So it's not just HUD. Certainly HUD is one of the worst offenders. They listen to you guys if congressional intent is very clear you hold their feet to the fire—there has to be more of that. Nobody, not even the Federal Emergency Management Agency knows how to treat this as an emergency.

Mr. ZIMMER. One result of the scandal which has recently occurred concerning the section 8 moderate rehabilitation program is that we had some HUD auditors come to Pittsburgh to look at a project we've worked on for 3 years for homeless women and children. We've raised over \$700,000 during the past 3 years for a very innovative emergency shelter and bridge housing program. The HUD section 8 Mod money is crucial to make this project work. It will fall apart without the section 8 Mod money. And HUD sent its auditors here as a result of congressional concern about the allocation of these funds and the HUD auditors suggested that the section 8 Mod program did not fit well with this innovative project. They have recommended that the commitment be removed. So that's the good results of what Congress appropriately blew the whistle on.

Mr. CAMPBELL. I'd like to get more information on that particular example, but also to follow up on your comment, Andy, I don't want to leave the impression that this is sort of the only shot where you have a chance to say your piece. If you have a specific suggestion—and that applies to anybody—this is the time for us to be talking to you about how we can redraft the bill that is moving through. We hope to move to markup before the August recess and you're here because we want your input on that.

Mr. HAYES. Just a final word on McKinney. At the risk of completely ruining the hearing and my reputation, we probably can say that, absent the criticisms which largely are a result of a shortage of funding given the need, that by Federal relief program standards it's been a pretty successful act.

There have been problems. There's fine-tuning that needs to be done. We have submitted written suggestions to this committee and God knows how many other congressional committees on doing that. The General Accounting Office is doing the same. The National Governors Association has fine-tuning amendments.

But by and large, with one major exception, it's been a decently humanistic program and there's little to be ashamed about this program, probably in sharp distinction to a long history of programs that have been scandalously administered.

The problem I think with the origins of the McKinney Act, of course, is that President Reagan signed the act pointedly in the middle of the night without public ceremony, to express his disapproval of the legislation. The President had promised a veto but was occupied with the Iranian problems when the bill was on his desk and didn't want to risk the wrath of the public and Congress that was very much eager to do something for homeless folks.

That act by the President clearly wended its way down into the Federal bureaucracy and there has been foot-dragging by the Federal agencies. There have been three or four different lawsuits that we have brought to get this going along. As recently as last week, Federal District Judge Oliver Gash again had to order HUD and HHS to get the surplus properties out and available to local governments and nonprofit groups.

I would agree that some very strong—and the legislative history is very strong—the language of the McKinney Act is very strong, but some intensified monitoring on the Federal agencies that seems to be speaking a better language these days could be useful. But the bottom line is it has not been an abysmally administered program.

Mr. PIPER. Some of the match requirements—I'd like to have you consider. For example, the city of Seattle may be able to come up with \$100 million for housing through a levy whereas some small cities aren't able to raise anything close to that amount of funds and yet maybe they will be able to donate a building—which when compared to the value of the tax base, is proportionately higher than the match by the city. So the match requirements I think in some cases don't recognize the level of effort as much as the level of funding. So I would encourage you to look at the level of effort to raise match as important.

Mr. CAMPBELL. Again, will you give us a specific suggestion on that in writing. The matching is one of the issues that we are constantly wrestling with.

Are there other comments on this stage of the discussion?

[No response.]

Mr. CAMPBELL. If not, maybe we could turn to some of the specific suggestions that are in the Cranston-D'Amato bill, the National Affordable Housing Act. Particularly, we could start off with a discussion of the proposal to shift to a State and local responsibility.

One of the fundamental changes that we are proposing is to provide more flexibility, more predictability, to States and localities by allocating at least a substantial portion of the funds to States and localities by formula and then giving them some more responsibility in deciding how to allocate those funds among already predetermined activities and giving them some flexibility to design additional ones.

What do you see as the effects, both positive and negative, about that sort of a shift of giving the States and localities more responsibility?

Mr. FLYNN. The mayors have submitted a proposal that has been implemented in Boston and has in fact been introduced in both the House and the Senate and it's hopefully going to be incorporated in this comprehensive housing bill that Senators Cranston and D'Amato are going to be introducing to the Congress.

The main component of it is very, very effective. Its genesis initiated in Boston, the Boston Housing Partnership, that you're aware of, later was replicated to be the Massachusetts Housing Partnership and a component hopefully will be contained in this Federal legislation as part of a national housing partnership program and I'm pleased to see Frank Lautenberg sponsoring it the other day as Joe Kennedy has with about 100 sponsors in the House.

What it basically calls for is a partnership on the local level that has in fact been working very, very effectively, whereby, for example, a city—I'll give the example of Boston, an area I'm more familiar with—Boston turns over its land for \$1 to a local community development corporation, church group, whatever local neighborhood-based organization, who I feel has tremendous amounts of sophistication and expertise. Organized labor, for example, puts up their pension money, whether it's the bricklayers union or transportation workers—they put their pension investment money up. Businesses, banks and insurance companies are part of this public-private partnership. The State is able to keep the cost of the housing down with various State subsidies. We are able to use some form of linkage. We're capturing some of the economic development dollars of downtown economic growth and we have it shared for building affordable housing at a local level. We also have in that a component for jobs for disadvantaged people.

It's an enormously successful program. We have put on-line more units of affordable housing than five comparable cities in the United States in size together.

There is one missing component, however. There is one missing partner. That missing partner is the Federal Government. If we could get the Federal Government to participate in these public-private partnerships at the local level, it would have a tremendous positive impact. It would further help us to keep the price of housing down so first-time homebuyers, a young family starting out, who can't afford the downpayment, can't afford the interest rates, can participate in this kind of program. I would like to see the Congress, as the mayors have, take a strong position in support of that proposal and it's something that I know that several Members of the Senate and the House are keenly interested in and I would urge the committee to consider that.

Mr. CAMPBELL. As we were drafting the Cranston-D'Amato bill, we were trying to make sure that that kind of activity would be accommodated. If there is some reason why it isn't or could be improved along those lines, obviously we would be open to suggestions.

Mr. SCHWARTZ. Don, I had the pleasure of standing with Senator Lautenberg when he announced his intention to do that. But more to the point, so did Tom Keane, the Republican Governor of New Jersey. So that press conference was turned into a bipartisan love-feast about the issue of both local and State housing partnerships. I certainly would like to echo the words of Mayor Flynn that that ought to be integrated here.

At the risk of just endlessly sounding one note here, to answer your question about the flexibility and evolution of responsibility to the States and local government, in general I think most State and local officials would say: "Yes, we're on the firing line so we might as well be able to have greater flexibility in making decisions." But prevention is different from the rest of these services because the population is different, and I would urge that when you're talking about prevention that that not be just thrown in to the same pot and make the near-homeless and homeless fight it out, or their advocates fight it out.

I'd like to see a separate title here on prevention and I would especially like to see a title on prevention which acknowledges that it's not merely the State's responsibility or the local government's responsibility to be clever in using dollars that you would send down. There are specific changes in Federal entitlement programs and their administration that need to be changed. You need a title on prevention that says to the entitlement providers that administrative delays can lead to homelessness, and that the Federal Government does not want that to happen. Their offices are in the States, but these are Federal officials under your oversight and when those checks don't get disbursed, when intake is slow, when decisions about entitlement eligibility takes months, when people become homeless literally waiting for a decision as to whether or not they are entitled to social security or welfare or other programs, their job is not to be clever with dollars that you send down, but to help these people stay housed. It is your job to exercise the oversight of these Federal officials and make sure that in fact we get a timely nonhomelessness-creating circumstance.

In that regard, my testimony calls for—and I know the National Conference of State Legislatures would be interested in—an entitlement insurance fund or buffer fund that would enable case workers to make a timely judgment and emergency grant payment rather than render people homeless. I do urge that this initiative and others aimed at helping States and localities be included in a separate title on prevention.

Mr. ZIMMER. I think the classic dilemma you have with the block grant approach that is proposed in the Cranston-D'Amato bill versus a true national housing program is that when you have good, creative, progressive leadership like Mayor Flynn provided in Boston or other major projects in places like Baltimore, Pittsburgh, or Los Angeles, that's great. It works fine and it's wonderful.

We like it a lot and we believe that we're more creative and more effective on the local level than Federal officials ever could be.

However, as Mr. Piper pointed out with this problem of matching funds, there are hundreds of thousands of isolated communities that don't have progressive creative leadership, that don't have the heritage of a cooperative, creative working relationship, that don't know a lot about how to put creative housing programs together. As a result of this situation, block grants can at times further enrich a more progressive community at the expense of a less progressive community. In many areas throughout our country there are enormous needs and very limited creative leadership and they could get left further behind. Like it or not, we will continue to need some leadership from the Federal Government so that there will be some basic standards for the whole society.

The other concern I have about the way we are currently addressing housing problems of the needy at the local level is that the local have to practically be magicians in order to have all the necessary financing. Local housing people tend to brag at conferences now about how many different sources they have in a project and if you've got 15 in there it's a lot better than having 8 or 9. In my view it is a very wasteful use of the very limited resources we have. Everybody wants to leverage everybody else and the local yokels like some of us have to become magicians and end up with less housing, although there are a lot more people at the ribbon-cutting ceremony, because they all have a few bucks in it.

Mr. WUENSCH. Don, I'd like to express some concern. We talked earlier about trends in homelessness and the trend is I think agreed around the table an alarming one indeed and one that doesn't look like we're going to be able to do a lot about it until we really gear up. New programs which I think are good and fine do require some time to gear up.

The fact of the matter is, in the proposed legislation there is some \$3 billion proposed for the HOP program and about \$380 million for the public housing program. The public housing program can produce housing immediately and I would just urge that we look at the track record of public housing authorities and the public housing program in dealing with homeless prevention.

If you look at the waiting list that we have in public housing, what you find is people who are homeless, people who are doubled up, and the whole litany, and they are being housed in public housing. But because of a lack of a development program, they are being housed only as turnover resources are made available. While the program Mayor Flynn describes is really, I think, a remarkable achievement, I will say, echoing Mr. Zimmer's remarks, that there is something to be said for simplicity. And one thing that public housing has is a certain amount of simplicity to making things happen. But we've been absolutely starved, as you know, for the last 8 years in terms of new development.

So I would say a caution, if you will, in terms of any transition to a new delivery system; that we keep the pipeline filled and we keep going with the programs that are tried and true, and obviously public housing is one of those.

Mr. CAMPBELL. Within the context of the McKinney Act, the sort of homeless assistance program that we now have on the books, do you feel that that problem would be created by shifting responsibility or allocating the funds more to States and localities?

Mr. WUENSCHER. I worry a great deal about it. I wouldn't worry if I were in Mayor Flynn's city, but I'm across the river and a lot of my colleagues are in States and municipalities that don't have a hell of a good track record worrying about poor people, while public housing authorities have demonstrated—I mean that's what they're for. But if the decision as to whether or not a public housing authority is going to be able to participate in this is left to certain States and certain localities, I fear very greatly that they're going to be left out and I think ultimately that's going to hurt the delivery of units.

Mr. RAUBESON. Picking up on that, I do feel lucky I'm from Los Angeles and we have a very, very fine record of local government support. To a great extent, that's been due to the leadership of Tom Bradley and I can't speak for Mayor Flynn but Tom Bradley can't be guaranteed to be mayor of Los Angeles forever. So I don't know that even being there you can count on always having that kind of leadership and support and certainly there are many States, including the State of California, where the State record has not been good.

The people of the State of California about a year ago passed proposition 77 to put \$150 million into rehabbing deficient buildings. The State government has not seen fit to put out one penny of that yet. Last November, the State voters passed proposition 84, \$650 million, a broad-based housing program that has some similarities in fact to your bill. The State has still not written regulations for those. They have dragged their feet terribly on that. I don't trust them to have a large say in how Federal housing dollars are spent on the local level and there are plenty of locales that don't have the local leadership and I just do not think block granting is the way to go.

Mr. WILLIAMS. From the perspective of New York City, I have serious concerns about the localities determining how to best allocate assistance. I am particularly concerned about the wording in the act that talks about approved activities. I don't really know what that means.

Certainly speaking for myself alone, representing Covenant House, I would suppose that possibly some other people in this room are in the same position, we're not always approved activities and I thank God for that because approved activities don't always meet the needs of people when they need them.

We have had very great difficulties in the city trying to access what we feel are—be they McKinney or other resources for the homeless in a timely fashion, try to find some money through either the State or the city that would give you the opportunity to provide a bed let alone all the other needed services for somebody who was on the streets and very symptomatic and close to death with AIDS. The money is 3 or 4 years down the pipe if you're lucky. So good programs or good missions, however you respond to the needs, go out and do what they have to do and then try to find access to the funds.

I have a program that works as a model for us anyway to get away from crisis care and transition into permanency for young people in the city of New York. It's a program we call "Rights of Passage," a long-term program for young adults. It's really a junior college for street kids. And we, as you probably heard, 1 year ago had a bit of a disagreement with the mayor of the city, as some others in this room have had, over a particular building that was very appropriate for our resources. It was the National Maritime Building, an 11-story building, already laid out, ready to move in dormitories, can accommodate up to 300 young adults, young adults who are currently homeless without some type of permanent or transitional housing program. It also has an educational program that goes with it and moves our ability to mitigate on behalf a young person from 1 out of 3 in crisis to 8 out of 10 permanently transitioning into society over 1½ or 2-year period of time. We have been unable to access one public dollar for the operation of those programs. We do have some money that has been allocated through HUD at this point, possibly for some capital renovation. It takes years. And right now operational money that we have applied for McKinney money through HUD, \$2.5 million in the next 5 years, which I don't think is too much to ask for when it's already costing us \$5 million a year to operate the whole program for 250 people, that money is somewhat in a stalemate due to regulatory issues. Again, the definition of approved activities.

We meet city codes. It's a safe place to live. It's a good place to go to school. It meets all the norms that most of us in this room would have for a safe place to spend the night or a week or perhaps the rest of our lives, but it doesn't meet the specific codes. And it just frightens me when we start talking about allowing local groups to just determine what are "approved" activities and there has to be some way to give the opportunity to private organizations, groups of people who have a strong sense of mission to get things done on behalf of their brothers and sisters in this country, to go do it. And if they are not approved they will hear about it later. But usually, if they are doing good things, they get approved one way or the other. I don't think the flexibility is there. It certainly hasn't been for us.

Mr. SNYDER. I feel as though we're stuck between a rock and a hard place. Personally, and I think I speak for others as well, some of us are disinclined to entrust the current HUD leadership with anything harder or sharper than a football. We are also well aware of the fact that in communities like Santa Cruz they made it a crime to give sandwiches to homeless people. Would I want to see Santa Cruz officials determine the use of Federal dollars? No, because the only thing they would use them for if they took them was possibly tarring and feathering homeless people and driving them out of their community.

I think that, given what everybody said, it would be safe to say that if every county commissioner and every mayor were Ray Flynn—I don't think anybody is saying that because the mayor is here, I think it's because of what he's done—then there would be no question about feeling comfortable and trusting local jurisdictions with control of these dollars.

But in sum, given my feelings about HUD and my feelings and experience with local jurisdictions, I would still opt for not giving control of at least 80 percent of those funds to local jurisdictions. I think that's a mistake.

I would just add, in postscript to the discussion of the McKinney Act, that on his first day in office the Speaker of the House made the McKinney Act his own and there would be no McKinney Act and we would not be sitting in this room if Jim Wright had not ushered that bill through Congress. I would just personally like to say that the homeless in this country are losing the best friend they have in Congress in losing the Speaker of the House, setting aside everything else that's been said and done around him. I think our presence here is a testimony to what one conscientious person with some authority and power in this Congress can do for people who are down and out.

From a new State perspective—a State that was the last State in the country to have a housing finance commission, for example, and one that's fairly new at the table in housing, we endorse the language in the Cranston-D'Amato bill in that it encourages State participation. If you want States to come to the table in this partnership, then you need to offer them some incentives to do that financially, and I think some of the proposed legislation gets to that. I think we all recognize that the one-stop shopping for housing at HUD is over and none of us alone have enough resources to meet the housing needs and it will require a public and private partnership both at the local level and at the State level and Federal level.

But I would encourage perhaps greater funding to the States so that we can take advantage of what a regional perspective might offer. For example, in the Northwest we have a large migrant seasonal farmworker population that is different from other parts of the country. We have regional perspectives and regional needs that need to be addressed. Also, I think there are advantages of integrating services at the State level that may not be available at a national level or a local level. So there are some advantages in having States play a larger role in all of this.

Mr. ZIMMER. I mentioned before that one good thing came out of the homelessness problem was finally a recognition that we truly have a housing crisis in this country. Another good thing that came out of the removal of Federal housing resources in such a dramatic fashion over the last 8 years was the creation of some very good local resources, some of which you see around the table here. So I think that if we could emerge into a more creative partnership with some increased Federal resources, we could accomplish a heck of a lot more because of this increased capacity at the local level.

Mr. BRANCATO. I'd just like to ask a question. In terms of this block grant piece, does it have to be either/or? Is there some way possibly to merge the two interests where you have some local freedom to be able on progressive States' parts to maybe alter how things are done but yet have the Federal Government just propose? It seems like this either/or thing—again, I don't know all the details and I don't know exactly all the mechanics of how things work because this is not my field, housing, but I'm wondering if there's some way—I think you're concerned about giving local

States some options and participation is very important, but concerns about many States who are very backward in this area also surfaces. I wonder if there might be some creative way of doing it in such a way that it would be possible to achieve both ends. I don't know. That's just a question I would pose to everybody.

Mr. BANKS. One way to approach it might be, as I said earlier, at least you establish a Federal floor for what's acceptable minimum to do. For example, in the area of shelter development for families that you permit development of shelters which are appropriate for families as opposed to barracks-style shelters, which is the current circumstance. For example, if you limited development to apartment-style housing, you might end up with a resource that could be ultimately used as permanent housing. Some people may disagree with that approach, but at least it's an example of how the act could have a Federal floor to it in terms of the kind of activities that are needed or the way that Mr. Schwartz said earlier, at least you have a Federal floor for what kind of prevention activities are required and the locality can always do more but there's some minimum that all localities would have to do.

Mr. ZIMMER. Perhaps there could be penalties such as withholding of Federal highway funds and other types of funds for States that do not move in some minimal way toward addressing the homeless problem.

Mr. SCHWARTZ. We started a new research center at Rutgers, the American Affordable Housing Institute at Rutgers University, and we had a project in which we actually read all 50 CHAPS, Comprehensive Homeless Assistance Plans. I don't know if anybody at HUD, and I certainly hope nobody in the U.S. Senate has had that experience. They are remarkably diverse. Some of them are remarkably trivial. But they are very diverse and they do speak to a wide variety of alternative strategies. They speak to a wide variety of alternative housing stock and styles. I think that the suggestion that's being made here that you have to be distrustful of the will of some State and local officials—is certainly the voice of experience. There are plenty of places in the United States where little that we, as housing advocates, believe must be done, has been accomplished. Nonetheless, the diversity of the housing markets across the country and the diversity of the housing strategies across the country suggest to me that you have to move forward with substantial devolution of major responsibility to State and local governments. I agree with Mr. Banks' comment and the comments of others suggesting that a bottom line on what must be done be established by the Federal Government. Beyond that, the way in which it is done should be established—and then allocation among the different priorities can be given to the States. I applaud that kind of thinking.

I think the thought behind the drafting of the bill does recognize that State and local governments, and State and local people, and nonprofit organizations, charitable organizations and others, have really stepped forward to fill in the gap left by the abandonment of housing by the Federal Government and I think that the success stories, the new parables, which need to be articulated about housing and meeting housing needs—are State and local ones. So I support the basic approach you've taken, but Mr. Banks' last state-

ment I thought was very apt clearly because there are plenty of places where State and local officials have been antihousing. Perhaps a minimum or floor would be appropriate.

Mr. WUENSCHER. I would like to go on record for my constituents, the public housing authorities, as saying that I think that the proposed legislation insofar as the rental credits are concerned makes a mistake in cutting out the housing authorities. The section 8 and voucher programs are currently by and large administered by the public housing authorities and I think they've done a good job of running those programs. Interestingly, even though it's been referred to as public housing in the papers recently, the section 8 Mod Rehab program, one of its problems was that HUD cut out the public housing authorities.

But again, the same point, the public housing authorities have run the section 8 program and have run it well, delivered those services to the very low-income population and now they're going to have to go to the State or locality to beg for their money or their section 8 or rental credits commitments. And when it ain't broke, don't fix it would be my advice.

So I think, again, we're looking at this alarming trend.

We're looking at a problem that's growing on us and we've got to get control of it, before we move in completely new directions we'd better have, at a minimum, a way of some kind of transition and we'd better keep those subsidies flowing to the public housing authorities.

Mr. BANKS. Lest that point be perceived as simply a statement from someone who operates a public housing authority, I think from our perspective increased funding for public housing is critical. The staff concept papers that predated the current bill suggested that the purpose of the bill was to build upon models that work, and for our clients in New York at least, the public housing authority is something that has worked. It's something that exists as a model to deliver housing rather rapidly and we would encourage continued direct funding of the housing authority model. It's a structure that's available to address the problem and get dollars out into programs right now without creating other structures.

OPENING REMARKS OF SENATOR DODD

Senator DODD. I just wanted to raise if I could—and I apologize for running in and out. First of all, I welcome all of you here, particularly Mitch Snyder and Ray Flynn, my old college pal as well.

I have a particular interest in the children's issues and of course the significant increase in the population of homeless that are children growing as part of this stream. I think Jim Rouse said it very well in testimony the other day. He talked about the homeless as not a pool but a stream. There's a tendency to think of it as a pool and if we can sort of clean up the pool then you've solved the problem rather than seeing it as a stream where you have the near-homeless or people falling into those various categories and moving along here. And the children's issues are particularly poignant it seems to me and particularly the health care issues.

Paul Simon, not our colleague here who is a very good friend as well, but the artist, started what I think is a very interesting idea

and has been a very successful one I gather in New York—these vans that move around to homeless shelters dealing with particularly the children's medical problems because it's been pointed out that the children face unique problems as a part of the homeless population in terms of their nurturing periods, the formulation of their attitudes about society, or their very unstable environments which are rough on anyone, but particularly rough on children in those early days, and of course the fragile health conditions where things that go wrong for children unattended compound problems and get far more serious for them for years and years to come.

Paul Simon has the van approach. I don't know whether we can put anything like that in the bill or not, but I wonder if you might comment on the effectiveness of that particular effort. I know that some of you are from New York. Has it worked well? Should it be expanded? Is it unique to New York? What problems are posed by it?

Dr. GOLDFINGER. As the only doctor in the group let me try this one. It's not unique to New York. It's effective in the short term but not in the long term. This is the question we've been cycling round and round. If a child has a sore throat and is living in an unacceptable shelter and the van has some doctor go over and examine his throat and give him medication the sore throat goes away. But the kind of long-term health care issues don't get solved adequately and it's clearly just another piece of the patchwork. So that it's useful. It clearly prevents pain and suffering and I think a combination—a part of the McKinney Act that didn't get discussed is some of the medical and health care efforts that have gone on. They're wonderful demonstrations of things that can work, but if you look at what actually comes out of them they will meet one-tenth of 1 percent of the medical care needs in one section of one city that happens to have a reasonable program. So there's a wonderful McKinney funded program in Portland, OR that looks at substance abusing people who are coming out of the jail and are homeless and it's serving eight people. It really does show that you can do something to those eight people, but in the grand scheme it's not a workable approach.

Vans I think are much the same. They clearly do demonstrate that there's a lot of need out there and you can solve it easier if you bring a practitioner to the place that people congregate, but it's really just a shot in the dark. It's just one little bit. It's actually quite common now and I think until we have affordable housing it's a necessary component of providing medical and also psychiatric services for the population because many of the homeless people just will not make use of fixed structure resources, they're terrible with appointments—I mean, you don't make a noontime appointment if your choice is going to a soup kitchen and eating versus going the only hour that the clinic can squeeze you into. But I think it should be seen in the same context as kind of emergency dormitory shelters. It's something that's needed because it's better than people freezing on the streets, but it's not a solution.

Mr. RAUBESON. It should also be seen in the context that the Robert Wood Johnson Foundation and Pugh Memorial Trust in a combined program in 25 cities in the United States have done much more than the Federal Government in the area health care

for the homeless. In fact in Los Angeles, a very, very large city geographically, 560 square miles, we do have three vans. We get a van Monday morning in one of our 12 hotels and they set up in the lobby and we oversubscribe those suckers. There are some busy doctors Monday mornings.

Senator DODD. Obviously, no one is going to disagree with your point. You've got to deal with the long-term issues. You've got some interim periods here, however. You can't leave them unattended. Should they be more included in what we're talking about here in terms of the intermediate kinds of care that at least these operations can provide? Obviously, a permanent domicile is a hell of a lot better than a hotel room or a soup kitchen where you stop in for a meal, but obviously children who are—and I'm not saying exclusively so, but because of their unique problems that children face during early stages of development and the impact that homelessness has on those children for a long, long time—obviously it does on adults as well, but particularly on children it seems to me that something along those lines needs to be supported as a part of this.

Dr. GOLDFINGER. I think a core problem with the health care issue is the van goes out—and in essence, this is good old case finding, so you find somebody who has need. You're always caught in a dilemma. If the need is profound, you can't do very much except identify it unless, in addition to your mobile vans, you've got agreements with the local hospitals that they will take a certain percentage of homeless people, not squeezing out the most desirable people. So what you end up doing, having supervised not mobile vans—in San Francisco where I set that program up it was a small enough city that they could walk from shelter to shelter—the reality is they end up dealing with the sore throats and the coughs because if they try to deal with the malnutrition or the retardation—the major kind of congenital illnesses, you don't have the resources you can carry around in your van.

So that I think it's useful but only if it's tied to some kind of broad scale medical funding for services, maybe changing the mix of free hospital beds, promising hospitals that provide a certain number of homeless free care service, expedited payments of their federally billed subsidies. Otherwise, it looks nice and it's part of that whole sense of now we've got a van, we're doing something. We fed 11 people fig newtons in Grand Central Station and that's 11 people who had a fig newton more than they would have had, but even trying to figure out how to allocate those resources I think is impossible.

Mr. RAUBESON. Senator, what you're trying to get at is the WIC program which has been around 20 years.

Senator DODD. And very successful.

Mr. RAUBESON. Very successful and very underutilized. Studies have shown that something like 1 in 18 eligible persons actually gets hooked up with that service, but maybe that's the place to put some attention for further funding and outreach and perhaps some priority in those centers which have a much broader scope, including a very heavy nutritional element for homeless children.

Mr. BANKS. Senator, if I could just address your concern about this and Andy's point about WIC. I think they are absolutely tied together.

Being from New York and actually having worked with the van program and Dr. Redlener, who is the main doctor who runs the Paul Simon van program, I can say that it's certainly effective for those children that are reached. It's ironic that one of the things they do is lead screening and one of the places where the children are being lead poisoned is in the hotels in which they are placed. It's also ironic that the real underlying reason for the van program is because children are placed in facilities so far away from the medical facilities where they used to get care. So a van is needed to circulate in midtown Manhattan because the family came from Brooklyn and can't travel back to Brooklyn.

So it might be more effective to look at the health question—and it is very important—to look at it in terms of requiring, for example, the shelters that provide emergency housing for families or any homeless person be required to have an arrangement to provide medical care either on-site or in conjunction with a nearby facility. That would be a more effective way than funding vans to go around to different facilities.

Second of all, it would be critical to ensure placements in emergency housing be located near to where the family originally came, or the homeless person originally came, to reduce the disruption and discontinuity in medical care.

Perhaps those two approaches might be overall an effective way to deliver medical care—requiring access to services at each shelter and trying to arrange for placement in light of the family's community and medical needs.

But the WIC point is worth mentioning as well because the problem with WIC in this context is that if you're living in a shelter the nutritional component of WIC, which is thought to be so critical, is virtually useless to you because you cannot cook and heat water and heat milk and so forth and make use of the canned goods that you receive under WIC.

We have clients in New York City who are eligible for WIC, receiving WIC, and placed in shelters where they can't avail themselves of the WIC services. So I have to come back to the original point that was made about the need for housing as opposed to shelters. I think the WIC point makes that more effectively than many of the things we said earlier. But we certainly would encourage you to look at the need for health services on-site and placement in light of medical needs. That's probably a more effective way than funding vans.

Senator CRANSTON. I'd like to move on to a related issue if I may. The National Affordable Housing Act would permit States and localities to distribute funds among approved activities. These activities would essentially be those that are allowed under the existing law—homelessness prevention, emergency shelter, transitional housing, permanent housing for handicapped homeless persons, and supplemental assistance.

What additional changes should we include in the bill and are there additional activities that we should permit?

Senator DODD. Could I piggyback onto that very question and it will be my last one as well, but just to expedite things a bit?

The allocations in the bill to localities and to States, the 70 percent and 30 percent, and the 20 percent limited on services, I'd just

be interested in comments on the formulas that are in the bill as it relates to that same question.

Mr. PIPER. As a State, we would be remiss if we didn't argue for a higher percentage for the State. Also, in respect to services and precaution we'd ask you to look at increasing the availability of services and homeless prevention activities.

Senator DODD. Higher than the 20 percent?

Mr. PIPER. Or at least allow waivers to that so that there could be higher preventive activities. It's cheaper to invest in prevention than it is to solve homelessness once it's created.

Mr. WUENSCHEL. I would just say I think one of the things that Senator Cranston raised early on in the hearing and maybe didn't get full enough discussion on is that a lot of the homeless are afflicted with mental illness, a lot of them are afflicted with addictions to alcohol and drugs, and that does not mean that we should abandon them and walk away from them, but it does mean that we have to provide a level of services that is I think well beyond what we are currently funded to do and prepared to do.

To the extent that we can recognize that and that there be really intense and adequate drug treatment and alcohol treatment as a whole context within which housing is provided, the transitional kind of housing that is provided, that that's really necessary.

Mr. BANKS. In answer to your question on approved activities, last year the committee report made it quite clear that provision of legal assistance as a prevention activity was an appropriate activity and we would simply urge you to ensure that that continues as an appropriate activity. As an example, we have submitted for the record a copy of recent reports from the New York prevention programs which provide legal assistance. As you may know, there is no right to counsel in an eviction proceeding, despite the fact that a housing unit is literally at stake. Once the housing unit is lost through eviction, our experience in New York is that housing unit tends to be inaccessible to the low-income population because it becomes upgraded, gentrified if you will. And so what's at stake in an eviction is not just the loss of that family's home but the loss of that unit from the low-income housing pool.

One of the things that New York has done, and the act as amended last year permits, is the use of Federal funding to provide legal assistance in an antieviction context. The experience in New York, for example, is that for every dollar of funding \$14 has been saved since the funding has been several hundred thousand dollars and it costs the city and State and Federal Government \$57,000 for every family that's actually evicted and enters a shelter system. By preventing homelessness for just 700 families, for example, \$14 million was saved for Federal, State, and local governments. The report that we have submitted to you demonstrates that quite clearly and we would simply ask that legal assistance be clearly indicated again as a permissible activity to prevent homelessness.

But it's important to consider your funding stream for this. McKinney provides a capped amount and to the extent you use funding through McKinney for this purpose, you take away potentially funding for other services, even if you increase the amount of funding as we've asked you to. There are other Federal funding streams which could be used for this. Last year I note that your

amendments to the McKinney Act dealt with EAF and AFDC changes with regard to funding for welfare hotel placements. The EAF and AFDC funding streams are streams that are also available to provide legal assistance as a prevention of homelessness strategy and we would encourage you to try to look across disciplines and use available funding streams through the welfare model that could be used to supplement McKinney money so that dollar for dollar much more can be achieved.

But the problem, of course, is that if you use AFDC and EAF you limit the targeted population to families as opposed to other populations which are at risk of losing their homes, and again there is great risk of losing those units to the low-income housing stream.

Senator CRANSTON. Do you feel that the provision in the act that we've introduced calling for a locality to come up with a comprehensive homeless assistance plan will be a useful addition to the present law?

Mr. ZIMMER. I think if really taken seriously that can go a long way. The one thing I think we did correctly in Pittsburgh was to pull together the public and private sectors, the religious groups, the nonprofits, city, and county government, shelter providers, the foundation and corporations and engaged all of them in a community planning process. Their effort placed the issue of homelessness high on the community agenda and led to a lot more creative and effective approaches to this problem than you find in most other communities.

That's something that can't be handled from Washington, but if provision is made in the legislation for this and if it's taken more seriously and worked at more effectively than in the previous McKinney Act approach, then I think it could go a long way toward addressing the problem.

Mr. PIPER. I think additional planning is always helpful. One of the issues that we faced as a State is that a lot of local communities have community resistance to siting. For example there may be Federal dollars available and a project can go forward, but a small community, because of various reasons, may deny that application do to community resistance. So if we can have some State plans working together with local plans it helps us look at what is the overall picture, how do we integrate services, and might give the States and the Federal Government a lever so that this whole issue of community acceptance can be worked out.

Mr. RAUBESON. I don't see where it's going to hurt a lot, but I don't see where that's going to help a lot either. Certainly the experience at CHAP has not proved to be a boon to homeless people in causing local jurisdictions to implement new programs because of planning processes. The State of California requires a housing element for every general plan and has for a number of years, and I don't think you can point to more housing, better situated housing, as a result thereof.

I don't mean to be a naysayer on planning, but I would not have high hopes that there would be any real teeth causing people to lose dollars for lack of certain compliances. This is based on experience with other kinds of plans, specifically CHAPS and the housing element.

Mr. BANKS. I think enforceability is really the key. It's very important that there be a remedy to enforce a locality's compliance or a State's compliance with a comprehensive housing strategy that goes beyond simply leaving it to HUD to enforce it. Certainly private entities ought to be able to enforce the housing strategy where they are being disadvantaged and disabled as a result of a locality's failure to follow the housing strategy. So we encourage you to beef up enforceability.

Senator CRANSTON. Do any of you have any other specific proposals regarding the bill you would like to change?

Mr. SNYDER. Once again I find myself in the position of running the risk of being called argumentative—why break a 20-year run, right—I don't accept the proposition that there is not money for housing. I accept the proposition that there are limited resources in this world. Obviously the world's resources are finite. But I take no less seriously the commitment that was made in 1949—when I was 5 years old—to provide decent housing for every citizen, than the commitment that was made to people who deposited their money with S&L's. And I believe that what I see happening is the fruits of the work of the last 8 years of a group of people who were very good at what they did in this city. Those people who worked out of the White House, tried to create a mindset and a concept that said there's money for S&L's but there isn't money to provide adequate housing for every citizen.

So the difficulty that I have with this bill is that it ain't enough money to provide housing for everyone and I absolutely refuse to accept the premise that there is not enough money in this country to provide housing for everyone. I will accept the premise that there is not enough money for everything, but I see this as one of those priorities that a civilized society has got to put at the top of the agenda right next to those other crises like the dumps and like the S&L's. The advocates at this table—I also understand that I'm essentially talking to us because it's our responsibility to create a political climate within which you can do what I know you want to do anyway. I know that if you thought it possible to put 80 percent of the housing budget back in, you would do it, and that our job is to create that climate and bring that pressure to bear that will convince our friends in Congress that they have the leverage to go for those big bucks. I understand you're trying to do the best you can with a limited pot. I just think that we cannot accept the limitation that you at this point feel forced to accept in creating that bill.

Senator CRANSTON. Let me say I'm glad you recognize and accept the responsibility you and others who are concerned have to create the political climate that makes it possible to do what we should be doing.

Mr. HAYES. Senator, I think we may be further along in that process than sometimes we believe. We have not viewed this piece of legislation as a homelessness bill at all. In fact, we have viewed it primarily as very decent and ambitious from many perspectives; a housing bill which throws in some very limited housing and adds on McKinney, which has been I think fairly widely agreed upon has been a bandaid of small but meaningful measure.

Why not take a look at some of the bills that have been submitted by colleagues in the Senate, permanent housing act for home-

less Americans, and reconsider at this point grafting onto a housing bill a homeless bill? Because I think the point that's been made several times that one of the only good things about homelessness is that it has galvanized public opinion—and you can look at the polls, Senator. There's broad public support and really bipartisan support for ending homelessness. We admit—we don't like to admit it, but this bill cannot do that. Why not add on something like the permanent housing act Senator Gore and a half dozen colleagues introduced last week in the Senate and pending in the House with 75 sponsors or so, add that kind of legislation onto this bill and target some of those public housing units—there's 70,000 vacant public housing units right now in this country—target those for rehabilitation quickly so that in the context of trying to give a little more balance to the housing crisis we have in this country, which this bill clearly does, we at the same time say at least for homelessness we are targeting that and we do think as a nation we can end it and not wait until the turn of the century.

Mr. RAUBESON. But we do allocate considerable resources to housing in this country. The mortgage interest deduction forgoes \$54 billion of potential income to the Federal Government. I know that politically that's a very difficult thing to deal with. But the fact remains is that the Congress for the first time recently has placed a cap on that, \$1 million cap. You can have a house worth \$1 million and claim the mortgage interest from that.

You can still claim a second residence. We're sitting here talking and we all deal with people every day who have virtually no hope of owning a home. Maybe hopefully we can give them some hope of getting into decent rental housing. Can't we look at further reduction of mortgage interest, cutting it in half, say, to a \$500,000 mortgage on a home where the interest on that is still deductible? The money that is saved there could be dedicated to provide housing for low-income people. Because we are providing housing for middle class and upper middle class people through that tax-favored treatment.

I do realize that you have to find the money someplace. Again, that's a place to look for it.

Mr. ZIMMER. The reason I'm a little more optimistic about the next half of my career than I was about the first half is that most of us do-gooder types have always approached these kind of sessions with the appeal of the Hubert Humphrey definition of good government as being measured by the extent to which it helps the most vulnerable populations and while that at times has worked and I think pulls at the highest motivation of public officials and all of our citizens, it clearly hasn't done the job.

What is happening in the world today is becoming more and more clear to people in Congress and private life and everywhere that the military approach is just not going to be nearly as much of a major factor in terms of our ultimate national security as it has been in the past and that to the extent that these kind of problems continue to hang over our society we are clearly not going to be able to march forward and we're going to become a secondary power. I truly believe that we are going to enter a much more progressive age in terms of addressing these kinds of problems because our national self-interest is at stake.

Mr. BRANCATO. Senator, I support very much the idea that there needs to be more money for this. I also have a very specific recommendation in terms of inclusion in your bill and I don't mean to pit groups off against one another but I want to talk again particularly about a population of let's say families that are struggling to maintain their children and to get their children back.

I have a specific proposal in this regard. You take the situation where you have a woman who was addicted to drugs. She had two children removed from her into foster care and two remained with her relatives. She then got off drugs. She went through a special employment program. She is now working but she can't really deal with the rental that exists in New York City in this case.

In the interim period until we get some affordable housing, this woman needs to get some kind of subsidy or some kind of help to return her two children who are in foster care. This was the barrier. There was no place to return them to and she couldn't get a two bedroom apartment that would be required to house her four children.

In New York there was a bill that was passed last year that talked about providing a subsidy or a stipend for a family who has been identified as ready to receive their child back but who does not have adequate housing and they would receive a stipend of, say, \$300 a month for up to 3 years.

It's a very targeted kind of thing, very much under the control and scrutiny of those who are providing services, and again, it's geared toward a population that really needs. I know others need it as well, but I think it's important to target money in this particular fashion and, again, to do this because it will be a while before we have affordable housing.

I support very much the orientation in your bill toward addressing that issue. I think we have to do a lot more in developing affordable housing. We need the temporary and transitional shelters in the meantime and it shouldn't be either/or, but this seems like a very concrete, well targeted proposal that also will help alleviate some of the pressure that's on the foster care system at this particular point and particularly where you have in the foster care system a number of children who have siblings in foster care. So getting an apartment for one mother or parents maybe you can get two or three children back home united with their families. So I would recommend that that be included in your bill.

Senator CRANSTON. Thank you. Regarding the price tag, we didn't set out to draft a \$3 or a \$4 billion bill. We tried to draft a bill that would approach that figure and have an impact—or even a lesser figure if we're stuck with a lesser figure at the outset. But it's also a program through the 1990's that we hope to get more and more funds for as time goes on so that we can have the major impact that we know we need and can only be met with adequate funding to build more shelter.

I hope you also recognize that the bill doesn't focus only on the homeless needs because there are other needs, the near-homeless and people with reasonably good incomes that can't afford a home now anywhere near where they want it, and special needs—senior citizens, handicapped individuals, large families and so on. We hope to build the coalition that Mitch was talking about by having

a program and a bill that covers a fairly wide territory and will bring in support from a lot of different parts of the country. We do need you to do all you can to develop support for as much funding as we can possibly get for the measure.

I have no idea yet what the administration is going to be willing to support in terms of the funding. We will not be totally limited or bound by whatever dimensions they agree to, but the more we can make this a bipartisan bill and gain the support of the administration, then the better our chances are of making real progress.

Are there any other comments that you would like to make before we wrap this up?

[No response.]

Senator CRANSTON. If not, I want to thank all of you very much for coming, and for your contributions. I assure you we will be doing all we can to make this bill move. We're having another hearing tomorrow on a related topic.

Thank you all very much for attending the hearing.

[Whereupon, at 12:05 p.m., the hearing was adjourned.]

[Prepared statement of witnesses and additional material for the record follow:]



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TESTIMONY OF THE HOMELESS FAMILY RIGHTS PROJECT
BEFORE THE UNITED STATES SENATE SUBCOMMITTEE
ON HOUSING AND URBAN AFFAIRS -- JUNE 1, 1989

Submitted by:

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This testimony is submitted by the Homeless Family Rights Project of The Legal Aid Society.

In view of the urgent immediate need for adequate, permanent housing for homeless families, we welcome this opportunity to again review the circumstances which currently confront homeless families with children in New York City. In this testimony, we will describe the dimensions of the continuing crisis experienced by homeless families in welfare hotels and other forms of inadequate emergency housing in New York City, and necessary federal responses to the continuing crisis.

As you may know, The Legal Aid Society has brought extensive litigation over the past six years on behalf of homeless families with children. As a result of one of our lawsuits, McCain v. Koch, a New York State appellate court has determined that the State and City are legally obligated to provide emergency shelter to homeless families with children. In McCain, the New York State Court of Appeals also held that homeless families with children are entitled to safe and sanitary living conditions in welfare hotels in New York City, and a Court order now prohibits the City from placing homeless families in emergency housing that fails to comply with certain minimum standards of habitability. In addition to McCain and other class action litigation, we have provided individualized legal representation to hundreds of homeless families with children over the past six years. Through our emergency hotline for homeless families and our regular outreach work in hotels and shelters used by the City as emergency housing, we have had a unique vantage point to observe the circumstances which confront homeless families on a day-to-day basis. We also regularly provide back-up support and assistance to advocates throughout New York and in other parts of the country.

DIMENSIONS OF THE CONTINUING CRISIS AND THE CITY'S PROPOSAL TO
CEASE USE OF WELFARE HOTELS

Some 4,200 families -- including nearly 8,000 children -- are now receiving emergency housing in New York City each night. The vast majority of these families became homeless as a result of circumstances beyond their control. They have lost their permanent housing as a result of fires or vacate orders placed because of dangerous housing conditions. Others had to leave their housing because of a lack of essential services such as heat and hot water, or because they had been living in overcrowded and unhealthy conditions, doubled-up with relatives or friends in inadequate permanent housing. Some are battered women or children. Some are families who have lost their housing

because employment was lost, or public assistance benefits were erroneously terminated, or a wage earner deserted the family. Others have lost their permanent housing because, without the assistance of counsel, they were improperly evicted. Still others have lost their apartments or have never been able to afford apartments of their own because prevailing rents are higher than the monthly public assistance grant for shelter that is provided in New York City. Indeed, the monthly public assistance shelter grant for a family of four is a mere \$312.00, and there simply is no supply of private housing available at this rental rate.

Despite the issuance of Court orders in our litigation and the issuance of State regulations governing the provision of emergency housing, the day-to-day existence of many homeless families and their children continues to be as brutal as that experienced by the original families who sought our assistance six years ago. Media accounts detail the fact that homeless children and their families continue to be placed in transient "welfare" hotels under conditions which are utterly shocking. Without actually seeing the conditions, it is difficult to comprehend that families with children in 1989 in the United States are living amidst such filth and squalor. Conditions in these hotels are reminiscent -- perhaps even worse -- than slum conditions described by Charles Dickens and later by Upton Sinclair. Health risks are as great as or even worse than those found in many developing nations. Indeed, in the face of such conditions, it is no surprise that the City Department of Health has concluded that between 1982 and 1984 the infant mortality rate in New York City's "welfare hotels" surpassed not only the rates of the City's poorest neighborhoods, but even those of some poor, developing nations. (See The New York Times, June 19, 1986, at B3, col.1.).

Against this background, the City's pledge to the New York City Congressional delegation last August to end use of welfare hotels as emergency housing for homeless families is certainly a positive step. The tragedy is that it has taken so long to reach this point. Over the past six years, thousands of children and families who have been made to endure life in welfare hotels have been indelibly scarred by this experience. In fact, one of the major flaws in the City's promise to Congress is that it consigns families to placement in welfare hotels for another 1 1/2 years. While ending the use of welfare hotels by July 1990 is certainly better than the City's original proposal to continue their use until 1992, over the course of the next 1 1/2 years thousands of new children and their families will be placed in these hotels, and thereby subjected to wretched, often brutal, living conditions in them. Given both the human costs and the public expense resulting from continued use of welfare hotels until July 1990, the City should cease use of hotels in a substantially shorter time period.

Incredibly, however, nearly nine months after making its commitment to Congress to end use of welfare hotels by July 1990, the City has yet to produce a specific plan with concrete timetables for ending use of welfare hotels. While the City has completed closure of the Martinique Hotel and several other hotels, thousands of children are still languishing in thirty-eight welfare hotels. Certainly the Martinique is the most notorious welfare hotel and symbolic of the failure of government to address the needs of homeless families, but conditions at that hotel were by no means the worst. Given the City's record in dealing with homeless families, there is no assurance that the City will actually make good on its commitment to cease placing families in other more anonymous hotels like the Allerton and Times Square, where conditions are even more deplorable than the inadequate conditions at the Martinique. Indeed, notwithstanding its pledge to the Congress to cease use of welfare hotels by July 1990, in the McCain litigation the City has thusfar refused to be bound by any specific deadlines -- including the July 1990 date -- for ending use of welfare hotels.

Moreover, even while the City has promised Congress that it will end use of welfare hotels by July 1990, the City continues to assign new homeless families with children to placements in wretched welfare hotels. Despite the clear requirements of State law, new families continue to be regularly placed in hotel rooms with inadequate heat and hot water; bathrooms that lack privacy and are frequently inoperable; single rooms with one or two beds, even for families with several children; filthy, vermin-infested mattresses; no cribs for infants; and doors with broken locks. In these hotels, children have no place to do schoolwork. Food is often stored in bags suspended from the ceiling to keep mice from eating it. There are usually no cooking facilities. Chipping, peeling and exposed paint in a number of these hotels contains lead in concentrations substantially greater than the level permitted by law. These hotels offer little security, and children placed in them are regularly exposed to drug traffic, prostitution, and violent crime. Families often report that their children must urinate in tin cans during the night because parents are fearful of going out of their hotel rooms at night to use "public" bathrooms in the hallways. Other families recount stories of children having to use hallway bathrooms where the walls are bespattered with blood. Drug paraphernalia of transients using these hotels is often strewn about in both bathrooms and "public" hallways.

At some hotels such as the Turf and Bristol in Queens where placements continue to be made, families are placed for brief periods, sometimes only one or two nights at a time -- forcing them to spend all day at their welfare centers, most of the night at an all-night welfare office to wait for another hotel placement in the early morning hours, and then to repeat that almost daily process over a period of weeks or even months. Under such circumstances, the education of children, health care, and any semblance of normal family life are completely disrupted.

The cost of placing families in such inadequate and unlawful conditions is as shocking as the conditions themselves. According to the Mayor's Advisory Task Force Report on the Homeless, the typical costs of housing a family of four in a welfare hotel are \$69.21 per day, or \$25,261.00 per year. Overall, nightly rental rates range from \$53,261.00 to more than \$100.00. Monthly rental rates for such inadequate conditions at "welfare hotels" can be as much as \$3,000.00 for each family.

Furthermore, attention has focused on the elimination of welfare hotels as if welfare hotels are the only inadequate form of emergency housing that New York City and other localities use for homeless families with children. As an alternative to the "welfare" hotel system, over the past five years the City has used barracks-style shelters for homeless families and their children, including families containing children and adults with contagious diseases and special medical needs. While the City has committed to cease using such shelters, that commitment will not be implemented until 1992. At these barracks-style shelters, men, women and children, including young children and opposite sex teenagers, live and sleep in open rooms. There is absolutely no privacy. Sleep is difficult, if not impossible, with the cries of young children continuing through the night. Diarrhea, rashes and colds are the norm, and there is no adequate screening system to protect against disease. Indeed, quarantines at the City's five barracks-style shelters because of outbreaks of measles, chicken pox, and mumps have been regular occurrences.

To make matters worse, over the past year, the City has begun to repeatedly shuttle homeless families from one night to the next among "overnight beds" in various barracks-style shelters. As was the case with short term placements in hotels like the Turf and the Bristol, the City now consigns many families to first waiting all day at their welfare centers and most of the night at an all-night welfare center for an emergency housing placement, and then to a one-night placement in "overnight beds" in a barracks-style shelter. This "bouncing" of families through a series of one-night placements in "overnight" shelter beds can continue for a period of weeks. Again, under these circumstances, children's education, employment or maintenance of health care are completely disrupted.

The existence of completely inadequate conditions in these shelters has been confirmed in a recent report by the Citizens' Committee of New York entitled Children In Storage: Families in New York City's Barracks-Style Shelters (November 1988). These shelters not only pose a high risk of spread of contagion, but they are even more costly than welfare hotels. The Citizens' Committee report notes, for example, that the City pays \$170.40 per night to shelter a typical family in the East Third Street barracks-style shelter in Manhattan and \$132.15 to shelter such a family in the 151st Street shelter in the Bronx. At the Catherine Street shelter in Manhattan, the City's proposed operational plan for the shelter stated that the annual costs

of sheltering each family were \$53,000. In view of these extraordinary costs and the adverse effects on children resulting from placement in these shelters, ending use of barracks style shelters in the City is just as urgent as eliminating use of welfare hotels. To permit children to languish in such shelters until 1992, as New York City proposes to do, is simply unacceptable.

NECESSARY FEDERAL RESPONSES TO THE CONTINUING CRISIS

In order to accomplish the goal of eliminating use of welfare hotels and other forms of inadequate emergency shelter, it is critical that Congress ensure sufficient funding for development of adequate temporary and permanent housing for homeless families. It is not enough to simply cut off federal funding for use of welfare hotels and barracks-style shelters. States and localities like New York City must also be required to relocate families residing in these facilities to lawful alternative housing. Federal standards should be promulgated to ensure that appropriate temporary housing is developed to replace facilities like welfare hotels. Given the extensive experience in New York City with models for the provision of temporary housing for families, it is clear that apartment-style emergency housing is the most adequate, cost-effective temporary housing option. In contrast to the abysmal conditions at welfare hotels and barracks-style shelters, in apartment-style emergency housing such as the Henry Street Settlement in Manhattan, homeless families are provided with a self-contained living unit, including cooking facilities, a bathroom, and adequate living and sleeping space. As a result of the stabilizing effect of such an adequate environment and the provision of social services, families in such facilities are relocated to permanent housing after substantially shorter periods of time than families languishing in decrepit conditions in welfare hotels or barracks-style shelters. For example, while the overall average length of stay at Henry Street is now approximately 4 months, the average length of stay in the City's emergency housing system is 11 months. The per diem rental rate at the Henry Street Settlement is \$49 - \$55 for a family of four, which is less than a third of the cost of providing emergency housing in barracks-style shelters, and significantly less than the per diem rates in welfare hotels. Furthermore, apartment-style facilities are ultimately convertible for use as permanent housing without additional cost, and therefore the development of such facilities contributes to a State's permanent housing resources.

The provision of affordable permanent housing is obviously the ultimate solution to meet the needs of homeless children and their families. To the extent that the crisis of homeless families continues to be viewed as one that can be addressed merely by the creation of more adequate emergency housing and the development of numbers of permanent housing units targeted to the number of homeless families who are in the shelter system on any given night, this crisis will never end. Children need permanent

housing. While the physical conditions in "transitional" housing are certainly better than those in welfare hotels and barracks-style shelters, children living in physically adequate "transitional" housing are no less displaced, no less disoriented, and no less stigmatized. The only viable solution to stem the tide of families seeking emergency shelter is to address the underlying cause of the current crisis, namely the lack of affordable housing for low-income families.

Cutbacks in recent years in federal funding for low income housing have been a critical contributing factor to increases in the number of families who are homeless in New York City and elsewhere in the country. Between 1981 and 1987, federal funding for subsidized housing programs was slashed by almost 70 percent -- from more than 30 billion in 1981 to 8 billion during the last fiscal year. New York City received funding for 6000 new low-and moderate-income housing units in 1981; in 1986, by contrast, the City received funding for fewer than 1000 new units. As a result, the waiting list for subsidized housing in New York City has increased from 162,000 in 1981 to over 200,000 in 1988.

The Section 8 housing certificate and voucher programs have not filled the gap caused by these dramatic reductions in federal assistance for housing construction and rehabilitation. In New York City, only 3000 Section 8 housing certificates and vouchers become available each year, of which between 50 and 75 percent are returned unused to the New York City Housing Authority because of the inadequacy of assistance levels. Most of these certificates and vouchers are for single-room or one-bedroom apartments that are inadequate to meet the needs of most homeless families; the current average family size of homeless families in New York City is 3.67 persons. Moreover, since the voucher system relies on families using part of their monthly food allowance to pay for rent in excess of the voucher level, it forces families to make a choice each month between feeding their children and paying the full rent.

Not coincidentally, while the amount of federal housing assistance has been substantially reduced between 1981 and 1989, the number of homeless families sheltered by the City each night has risen from approximately 800 in 1981 to some 4,200 tonight. The number of families in the City's emergency housing system has steadily grown over the past few years largely because families are remaining in the system for longer periods of time because they are unable to locate permanent housing. The average length of stay in the emergency housing system is now approximately eleven months. Families on public assistance are simply unable to obtain subsidized housing or to find private housing that can be rented at the welfare rent allowance level. As noted earlier, even after an increase which took effect on January 1, 1988, the rent allowance for a family of four in New York City is still only \$312.00 per month.

Under these circumstances, without further increased appropriations for permanent housing for low-income families, increases in the number of homeless families are inevitable. Funds must be appropriated both to rehabilitate and maintain existing low-income housing units, particularly units in municipally owned buildings, and to develop new low-income units. As we testified before this Committee in September, 1988, there is a critical need to increase funding to develop and maintain new HUD public housing units. HUD public housing provides cost-effective public housing for low-income households. In New York City, increased funding for new public units would not only reduce the numbers of homeless families languishing in decrepit welfare hotels, but would prevent substantial numbers of families faced with imminent homelessness from having to run the gauntlet of the emergency shelter system. Targeting permanent housing units for families at immediate risk of homelessness to prevent them from being forced to seek emergency shelter is just as urgent as developing permanent housing to reduce the numbers of families already in the shelter system.

In addition to creating new housing units, increased federal funding for other programs to prevent homeless must be made available. In New York City, for example, the City's Human Resources Administration has established an innovative legal representation "anti-eviction" program to prevent families at imminent risk of homelessness from losing their permanent housing and thereby entering the homeless system. Two bar association reports have noted that the City's homeless prevention legal representation program has been extraordinarily successful in preventing families from becoming homeless, and in thereby avoiding even greater expenditures for emergency shelter. See Committee on Legal Assistance of the Association of the Bar of the City of New York, Report on the Prevention of Homelessness by Providing Legal Representation to Tenants Faced with Eviction Proceedings (January 1989); Committee on Legal Problems of the Homeless of the Association of the City of New York, Report of the Committee on Legal Problems of the Homeless, The Record of the Association of the Bar of the City of New York, Vol. 44, No. 1 (January/February 1989). Data from The Legal Aid Society's Family Anti-Eviction Project, which the City has funded as part of its homeless prevention program, documents that more than 650 families who received homeless prevention legal assistance retained housing that, but for the provision of legal representation, would have been lost. Since each family entering the shelter system costs the City \$57,000, the provision of legal representation to prevent homelessness has resulted in significant financial savings for the City -- in addition to the obvious benefits in human terms for the families with children who have averted homelessness. In fact, by conservative estimates this one homeless prevention project has saved the City more than \$14.00 for every \$1.00 that it has spent to fund the project. Increased federal funding for such homeless prevention programs would permit the City to greatly expand its prevention efforts and for the City's program to be replicated elsewhere.

(A copy of The Legal Aid Society's October, 1988 report on the work of its Brooklyn Family Anti-Eviction Project has been submitted to the Committee under separate cover.)

In the final analysis, the long-term consequences of failing to develop sufficient amounts of affordable permanent housing to end the use of welfare hotels and barracks-style shelters and reduce the numbers of families entering the emergency shelter system will, in the words of Jonathan Kozol, result in the creation of a "diseased, distorted, undereducated and malnourished generation of small children who, without dramatic intervention on a scale for which the nation seems entirely unprepared, will grow into the certainty of unemployable adulthood." See Kozol, Jonathan, Rachel and her Children: Homeless Families in America, (New York: Crown, 1988). In the long run, the social costs of producing a lost generation of children -- which include resulting increased costs for criminal and juvenile justice, medical care, and special educational programs -- are likely to outweigh the cost of providing sufficient amounts of permanent housing to end the crisis of homelessness.

In closing, we welcome this inquiry into the problems of homeless children and their families. Perhaps as a result of these hearings and the recommendations that will result from them, children and their families will no longer be placed in squalid hotel rooms, or in unhealthy, dehumanizing and costly barracks-style shelters.

Thank you for this opportunity to present our views on this most tragic problem.

Dated: June 1, 1989
New York, New York

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CLPHA

Council of Large Public Housing Authorities

TESTIMONY OF
DANIEL J. WUENSCHER,
EXECUTIVE DIRECTOR,
CAMBRIDGE (MA) HOUSING AUTHORITY

AND
FORMER PRESIDENT
OF
COUNCIL OF LARGE PUBLIC
HOUSING AUTHORITIES

BEFORE THE
U.S. SENATE
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

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Testimony of Daniel J. Wuenschel, Executive Director, Cambridge (MA) Housing Authority before the U.S. Senate Subcommittee on Housing and Urban Affairs, June 1, 1989

Subject: Roundtable Hearing on "Homelessness in America"

Mr. Chairman, Senators, staff, participating colleagues, and invited guests, thank you for the opportunity to participate in the discussion of one of the nation's most serious problems today - the homeless condition suffered by so many of our citizens. It is appropriate and commendable that the subcommittee should examine homelessness in the context of a national strategy to increase affordable housing. The ultimate answer to homelessness is, after all, an apartment or house that can be afforded - a home - not an overnight shelter.

For our society to approach that goal, the oft repeated "decent home for every American", and for our government to facilitate our reaching such an objective, we must be prepared to recognize the following:

1. The causes of homelessness by virtue of a shrinking affordable housing supply hitherto available to low income families and individuals, and
2. The increasing demand for particular programs of "directed assistance" for those citizens who are homeless because of their special needs, in the main:
 - a. individuals and families who suffer homelessness because of alcoholism and/or drug addiction, and
 - b. individuals who are homeless, or dangerously at risk of being homeless, because of mental or emotional illness.

Hopefully, today's discussion will help us toward this recognition. Once we have truly "recognized" and defined the above, we must be prepared to devote resources to solutions - resources beyond lip service and tokenism. It is my belief that while these resources may seem expensive to us today, they will be deemed a "pittance" compared to the costs we will face as a government and society when confronted with the problems of the "welfare hotel" and "shelter" generation in years to come.

THE SHRINKING AFFORDABLE HOUSING SUPPLY

By now all of us recognize that the combination of gentrification, demolition, and abdication of a housing production role by the federal government have resulted in a significant reduction to available modest rentals. This phenomenon has been exacerbated by a net increase in the percentage of the American population in poverty. This sad fact is highlighted in Philp Clay's At Risk of Loss: The Endangered Future of Low-Income Rental Housing Resources:

"First, during the past 10 years the percentage of the population that is poor (as defined by the Census Bureau) has grown from 12 percent to nearly 15 percent of all Americans. During the same time period, over 1 million units have been lost from the low rent housing supply".

This is similarly noted in the recent publication, A Place to Call Home; The Crisis In Housing For The Poor:

"The steep decline in new housing commitments in the 1980's --- coming at a time of substantial growth in the number of poor households, and of substantial decline in the privately owned stock of low rent housing --- has led to a large increase in the number of poor households that do not receive any housing assistance."

The authors go on to note:

"In 1979, some four million poor renter households received no housing assistance. By 1987, this number had grown to 5.4 million, an increase of more than one third."¹

Little wonder is it then, that we should see a dramatic increase in the number of families and individuals who are homeless, living doubled up, or otherwise about to be homeless.

To illustrate this point from the local or "field" level, I have included as Attachment A a list of 20 applicants to the Cambridge Housing Authority who have most recently received Section 8 certificates or vouchers. You may note that little separates the applicants who receive certificates as "emergencies" vs. those from the waiting list. We would like to issue many more certificates or vouchers to hundreds of additional "wait-listed" applicants but we have utilized almost all of these resources that are available to us. Even if we had many, many more such rental subsidies there are few apartments to which they could be applied since Cambridge has a vacancy rate of approximately 2%. In short, we need to create more affordable units.

¹A Place To Call Home: The Crisis In Housing For The Poor; Paul A. Leonard, Cushing N. Dolbeare, Edward B. Lazere. Center on Budget and Policy Priorities and Low income Housing Information Services, April, 1989.

For this segment of the homeless or needy population current programatic initiatives exist, albeit on a substantially underfunded basis. These homeless or about to be homeless households could be spared shelter living if existing programs and programs proposed by this subcommittee were adequately funded. No mystery, just a matter of national "will".

SPECIAL NEEDS HOMELESS

A. SUBSTANCE ABUSERS

I, and I am sure many of my public housing colleagues were both sad and heartened to read in a recent New York Times article the clarification that between 40 and 80 percent of the homeless population are victims of substance abuse; that is, alcoholics or drug addicts.² I include a copy of the article as Attachement B. We were sad for the obvious reasons, but we were heartened by the further definition of the clientele we all must serve.

For the past few years, we in public housing have often been faced with pressure by the advocates to house the homeless client who we, or a neighboring PHA, evicted for behavioral problems related to alcohol or drug addiction only a short time before. If admitted, the resources which the PHA could bring to bear on the problem of drug addiction was to suggest to the addict that "He just say no." Now Secretary Kemp has appropriately declared war on drugs in public housing. Resources for the war have yet to be identified.

²New York Times: "Twins of the Streets: Homelessness and Addiction" by Gina Kolata 5/22/89

In short, it makes little sense to give priority for public housing to that segment of the homeless population which are active alcoholics and drug addicts. That is not to say that these citizens should not be served. They need specialized housing and drug and alcohol treatment far, far beyond that which is available today. Quarterway and halfway houses need to be expanded and developed under both McKinney funding and the Supportive Housing provisions envisioned for the handicapped in the National Affordable Housing Act. This housing must be provided not with adjunct treatment but in the **context** of a treatment and rehabilitation plan. Only when one has been "graduated" from such transitional housing should he or she be considered a safe risk to an already vulnerable public housing family or elderly community. And, of equal importance, this homeless "graduate" and all other homeless households should have access not only to public housing but to all forms of federally assisted housing, Section 8 developments, 236's, 202's, and all units envisioned by the National Affordable Housing Act. Such is not the current case.

In this regard, the public housing program is not unlike the workhorse, Boxer, of George Orwell's Animal Farm. You may remember that after the "revolution" the ruling pigs began to refine the definition of "equality". Some animals became "more equal than others". During the period of "refinement" Boxer had his workload increased while his food rations were decreased until - he finally expired. I fear that adding preferences and priorities upon preferences and priorities and serious ill tenants to public housing admissions while "decreasing" our operating subsidy "rations" has the public housing program "sway-backed" at best. If preferences for homelessness are to be continued, spread them to the other programs as well.

THE MENTALLY AND EMOTIONALLY AFFLICTED

Many of the homeless and at risk individuals in Cambridge are citizens afflicted with mental and/or emotional illnesses. I believe this to be the case nationally as well. Many have been shamefully "dumped" by the de-institutionalization process, others receive no treatment or follow-up beyond eligibility for SSI or other forms of disability pensions like VA disability. Often the mental or emotional disability is accompanied by substance abuse.

While many of these homeless people live in the few remaining dilapidated, privately run SRO's and local YMCA's and YWCA's, many have also been admitted to elderly housing. In Cambridge we have populations of non-elderly disabled which comprise as much as 20 percent of the total population of an elderly complex. The trend is for a far greater percentage with placements over the past two years running at 30% and as high as 43% in our larger elderly developments. I have included these figures in detail as Attachment C.

The result of these placements required by statute, regulation, vigorous advocacy (which is not discernible at neighboring Section 8's and 202's), and enforcement by HUD has been disastrous. The housing authority is neither funded nor trained to provide the services required by these new residents. The elderly - particularly the growing number of frail elderly - are terrified and totally intimidated by their new neighbors who without regular and promised follow-up by mental health providers often lapse into

behavior patterns that run from troublesome to bizarre to dangerous.

The consequences of this phenomenon is an increasingly bad image of elderly housing which discourages elderly applicants which in turn increases the percentage of disabled residents. If the trend continues, we will have successfully reinstitutionalized our mentally afflicted residents into high-rise buildings originally intended to house our senior citizens. There are unfortunate but somewhat understandable reactionary movements forming to lobby for the exclusion of these applicants from elderly housing altogether. Until there are alternative housing units for this population such a reaction would be unfortunate; however several changes are necessary. First, PHA's should immediately be given additional funds to adequately serve this complex population which it currently houses. Second, a substantial number of small scale SRO's and group residences should be developed under McKinney and the Special Needs/Supportive Housing section of the National Affordable Housing Act, specifically for this segment of the homeless population. We must recognize that funding for intensive staffing of such facilities is absolutely necessary if we wish any measure of success. Finally, these needy applicants must also be directed to developments which are state and federally assisted such as: Section 8 projects, 202's, 236's, etc. Let every form of assisted housing pitch in to address this problem.

In closing, I would like to simply reiterate that once we recognize the causes of homelessness, there are a number of positive steps which we can take to work toward its diminution if not eradication.

1. We must increase the supply of affordable rental housing through the currently existing programs and those programs proposed by the National Affordable Housing Act. These programs should include rental assistance directed to and by PHA's who have a demonstrated track record in this area; and they should include the various production programs proposed in the Act. Production should also include the development of new public housing in those communities which can demonstrate such need beyond one-for-one replacement.
2. We must face the facts concerning the addictions of many of our homeless citizens. In so doing we should structure programs to develop supportive transitional residences which feature treatment and rehabilitation plans as the primary focus. This should precede any integration of such individuals into subsidized housing communities.
3. We must also dramatically expand our resources targeted to housing the mentally and emotionally ill. This expansion should include intensively staffed SRO's and group residences of varying degrees which permit a transition to

less structured residential environments. This model has worked on a small scale in Massachusetts though both its Chapter 689 program and its Chapter 707 leased housing program with supplementary mental health funding for staff. There should be no reason that such initiatives could not work with the proposed forms of rental assistance and supportive housing proposed by the National Affordable Housing Act.

Finally, the problem of homelessness is, we are beginning to understand, bigger and more complex than we realized. Please think bigger in terms of the financial resources which we direct at the problem.

Again, thank you for this opportunity to testify. I hope that I can contribute to your examination of these issues through this roundtable discussion.

MEMORANDUM

TO: Daniel J. Wuenschel

FROM: Ann M. Arata *(initials)*

DATE: May 5, 1989

RE: Section Eight Applicants

Dan - attached are the vignettes of the most recent approved Section 8 emergency applicants and fifteen of the standard applicants from the chronological list who were recently called in in different bedroom sizes. They represent the "top of the list" in chronological order and have the Federal Preference.

ATTACHMENT A - 3 pages

SECTION EIGHT EMERGENCY APPLICANTS WHO RECENTLY RECEIVED CERTIFICATES

- . Man (65) and Wife (64) occupy a unit in which they have lived for over 19 years. Their monthly rent is 191 plus utilities and the landlord is rehabilitating the building with new kitchens, heating systems, roof and siding. The rent is expected to increase to \$608 per month. The household's total income is \$14,572 per year which will mean they are paying in excess of 50% of their income after the increase and will eventually be evicted for non-payment of rent.
- . Man (52) receives \$516/mo. on veteran's disability and received a rent increase from 58% of gross income to \$475/mo (92%) of gross income effective 9/1/88. Applicant has lived in one room apartment for 18 years. Paid less than 50% of income until 1985 when he could no longer work and had to rely on his disability check for sole means of support.
- . Single woman (38) with AIDS has been receiving \$92.80 from General Relief since January 6, 1989. Lives in a shelter unit at YWCA since January. Was forced to leave her apartment because of her illness which her roommates feared was contagious.
- . Single mother (21) of one son (4 mos.) and one daughter (3). Receiving \$578.50/mo. from AFDC. Being evicted from studio apartment for non-payment and overcrowding. Moved into the apartment in June '87 with a roommate and shared the rent of \$525 plus utilities. Roommate moved out and now she is \$700 behind in her rent.
- . Widow (35) with two sons (5 and 1) and one daughter (4) receives \$598/mo. from AFDC and \$70 from SSI for daughter who has ARC. Husband died of AIDS in December, '88 and she can no longer afford rent. Has lived in the same 2 BR unit since September '83. Did not have rent difficulty until husband became terminally ill. Present rent is \$610/mo. which represent 91% of her present income. She cannot return to work because her child with ARC needs constant attention.

SECTION EIGHT APPLICANTS FROM OUR CHRONOLOGICAL WAITING LIST WHO APPLIED OCT. '88

- . Man (33) Wife (28) two sons (12, 6) one daughter (7) doubled up with another family paying \$175/mo. for one-bedroom. Apartment is in very poor condition. Family receives \$310/wk from husband's employment.
- . Woman (71) receives state pension and social security of \$650/mo. Would like to remain in her one bedroom apartment of 50 years. Needs subsidy to pay \$300/mo. rent plus utilities.
- . Divorced male (48) with medical disability receives \$483/mo. from SSDI. Lives in one bedroom apartment and pays rent of \$350/mo. plus utilities.
- . Man (55) Wife (66) with monthly income of \$734/mo. are seeking subsidy to use in one bedroom apartment of 14 years where rent is \$201 plus utilities.
- . Woman (45) single grandmother of two children (8 and 3) living in a shelter receiving \$399.99 every two weeks from employment. A former resident of public housing.

SECTION EIGHT APPLICANTS FROM CHRONOLOGICAL WAITING LIST OF OCT '88

- . Divorced man (40) is blind and diabetic and receives \$1092/mo. from SSDI. Current rent is \$495 plus utilities of \$130/mo. for studio apartment. Seeks Section 8 to use in place.
- . Man (45) Wife (40) and four children (19, 17, 14, 6) receive \$660.78/mo. from employment plus \$468/mo. from SSI for 6 year old's disability. Share a three bedroom apartment with another family and contribute \$100/mo. to rent. Have no permanent place to live.
- . Disabled male (29) receives \$482.39/mo. from SSI. Staying with friends for past three months. Former resident of YMCA.
- . Man (39) Wife (45) with four children (15, 13, 10, 1) receives \$294/wk from employment. Lives in three bedroom apartment with rent of \$800/mo. since December '87.
- . Single mother (56) of three sons (20, 20, and 19) receives income of \$316.25/wk. from employment. Are sharing three bedroom apartment with daughter's family and contribute \$200/mo. to rent. Have no permanent place to live.
- . Woman (35) single mother of two daughters (10, 5) receives \$220/wk from work. Shares a one bedroom apartment with another family and has no permanent place to live.
- . Man (25) and two brothers (27, 24) receive \$330/wk from employment. Share a one bedroom apartment with uncle and are severely overcrowded.
- . Woman (25) with three children (7,5,1) lives with mother in four bedroom apartment. Receives child support of \$145/wk. Is included on mother's lease and is seeking a unit of her own.
- . Woman (49) with four children (18, 16, 14, 12) receives \$1,012/mo. from AFDC and SSI. Is paying \$550/mo. plus utilities for three bedroom apartment and is in danger of eviction for non-payment.
- . Woman (34) one daughter (11) receives \$184/wk from employment. Shares a one bedroom apartment with another family and contributes \$200/mo. to rent. Has no permanent place to live.

NYT 5/22/89

Twins of the Streets: Homelessness and Addiction

By GINA KOLATA

Drug and alcohol abuse have emerged as a major reason for the homelessness of men, women and families, complicating the search for solutions, advocates for the homeless say.

Although not all homeless people are addicts, and poverty and a lack of affordable housing contribute significantly to the problem of homelessness, experts said alcohol and drug addiction can no longer be ignored as a major factor.

"Substance abuse is one of the major issues causing people to be homeless and keeping them homeless," said Irving Shandler, who runs the Diagnostic and Rehabilitation Center in Philadelphia, a private group that provides residences and has worked for 26 years to help people overcome homelessness. He estimated that 75 to 80 percent of homeless men and women are addicts.

Drug and alcohol abuse "is the nasty little secret of the homeless," said Ernest Drucker, an associate professor of social medicine and epidemiology at Albert Einstein College of Medicine in New York.

Advocates for the homeless like Robert M. Hayes, director of the National Coalition for the Homeless, a group with headquarters in New York, say they have shied away from discussing the problem of addiction in the past, in part because they feared that the public would lose its sympathy for the homeless. But, he said, "the bottom line is that we have to tell the truth."

Advocates for the homeless say drug or alcohol abuse send people who may have only a fingerhold on society into a tailspin. Eventually they deplete their resources, lose their jobs, and alienate friends or family members who cease to want to help. They end up on the streets, destitute and hopelessly ad-

dicted. And once they are addicted and homeless, there are few opportunities for drug treatment.

Just as there are no precise data on how many people are homeless, there are none on what percentage of homeless people are addicts. The answers homeless people give to questions about substance abuse can be unreliable.

Like some advocates for the homeless, Tom Taylor, who runs Joshua House in Washington, a residence that helps homeless men rejoin society, estimates that at least 90 percent of the men he sees were addicts. Others, in-

Continued on Page A13 C-1

Continued From Page A1

cluding Peter Smith, director of the Partnership for the Homeless, whose group surveyed political leaders and providers of services for the homeless, estimate that the number for men and women combined is 30 percent to 40 percent. The mentally ill constitute 20 percent to 30 percent of the homeless population, and many of them are also addicts, experts say.

Some experts contend that the reason for the lower estimates is that some advocacy groups fear that if they report high percentages of addicts among the homeless, people will no longer contribute money. Donald Hendrix, the interim executive director of Central City Concerns, a group in Portland, Ore., that helps house homeless people, explained, "If you are trying to raise money, you depend very heavily on the public's perception."

Mr. Hayes said "there is something to that charge," adding that when he is contacted by television news programs or Congressional committees looking at homelessness, "they always want white, middle-class people to interview. They want someone who will be sympathetic to middle America."

When the public contributes money, said Mr. Shandler, "they want to spend it on the 'deserving' homeless — that nice family that worked hard all those years. I'm sure there are some families in that category, but my guess is that a significant number of them have their problems exacerbated by drug or alcohol abuse. You can feel sorry for them without failing to recognize that they may be out there because they have problems."

Crack Making the Problem Worse

Whatever the number, "addiction is a horrendous problem," among the homeless, Mr. Hayes said. Because of crack, "the homeless population is going up quite dramatically," he said, adding, "I think almost everyone longs for the good old days when they were only dealing with heroin addicts."

Experts who are finding a substantial drug problem among the homeless include Paul Koegel, an anthropologist at the University of California at Los Angeles who interviewed homeless men living on the streets in downtown Los Angeles and found that close to 50 percent were addicts. They also include Kostas Gounis, an anthropologist at Columbia University, who interviewed men arriving at the Franklin Avenue shelter in the South Bronx and found that 75 percent were addicts. Mr. Shandler found that the problem is just as severe among women as among men.

Advocates who work with families find that addiction often puts poor families on the street. For example, John Fullinwider, director of Common Ground, a housing organization in Dal-

Addicts lose the competition for housing.

las that works with homeless families, said drug addiction "is a real problem." Often, he said, a poor family becomes homeless because at least one member is an addict and "the economy of the family collapses."

Dr. Peter Laqueur, director for AIDS programs at Wood Hull Hospital in Brooklyn, found when he was working in a federally financed program to help heroin addicts that half of 290 addicts who came to the hospital for other medical problems had no homes.

Mr. Hayes, who is a lawyer, said he is now going to court in several states, including New York, to sue for treatment upon demand for drug addicts. He said he sees drug treatment as at least as important as housing for the homeless.

The lack of low-cost housing, the issue that has gotten the most attention in the politics of homelessness, is still a factor, advocates say, but it too is related to drugs. Mr. Hayes likens the search for low-cost housing to the survival of the fittest. Those who are addicts lose. "In a sense, crack is defining who will be the losers in that Darwinian competition for housing," he said.

Shelters May Add to Problems

But even when housing is available, no one wants to live near drug addicts, those who work with the homeless are finding. Mr. Hendrix of Central City Concerns said that his group has 800 single room occupancy units but "what we are seeing now is that the people who are coming into our buildings are people we can't house because of behavior problems." Crack abuse, he said, makes them "aggressive and violent."

Experts say that shelters only make the drug problem among the homeless worse. Although shelters are supposed to be drug free, drug use is often open and widespread, say shelter directors and advocates for the homeless. Many shelter residents actually have jobs, but they spend all their money on drugs, these experts say.

Groups that try to help bring people back from homelessness are finding that they must confront the drug problem first. Jack M. White, executive director of the Coalition for the Homeless in Washington, which is not associated with Mr. Hayes's group, said that when he started a residence two years ago to help homeless men find jobs and apartments, he began by simply asking the men not to use drugs or abuse alcohol. Only 5 percent made it through the four-month program. He then decided to institute random urine tests for the residents and staff and to evict anyone using drugs. His success rate is now 75 percent.

The Rev. Jack Pfannenstiel, a Franciscan priest who runs six shelters in Washington for men and women and who also directs McKenna House, a residential program that helps men come back from homelessness, said that when he and two other Franciscans began McKenna House in 1985, they did not fully appreciate the sub-

Meets: Homelessness and Addiction



The New York Times/Neal Boren

Robert M. Hayes, director of the National Coalition for the Homeless. He said that drug and alcohol addiction is "a horrendous problem" among the homeless.

stance abuse problem. They reasoned that homeless men can hardly apply for a job when they have no way of keeping clean, when they have to carry all of their belongings with them everywhere they go, and when they have no telephone number for employers to call. Shelter life was self-perpetuating, they suspected.

"Our initial premise was that if you provide food, shelter and hygiene, then they will be able to help themselves," Father Pfannenstiel said. "We were naive about the drug and alcohol problem."

Within a few months, they learned that "we were able to help the men find jobs, but they would get into the same cycle of financial mismanagement," Father Pfannenstiel said. "The big picture that we missed was that this was tied into the abuse of drugs and alcohol. We learned that sobriety maintenance was the big key."

Now men who come to McKenna House must refrain from using drugs

or alcohol for a month beforehand. About half of the 400 men who have lived there have permanently rejoined society. Those who have failed, Father Pfannenstiel said, went back to their substance abuse.

He added that a major reason the men became addicts again is that they were lonely. Part of breaking addiction is to end all contacts with drug-using friends. Many of these men had no one to turn to and ended up seeing their old friends again, joining them eventually in using drugs and becoming homeless once more.

Drug Programs Are Few

Simply asking most homeless men to solve their addiction problems can be an exercise in futility, advocates for the homeless say.

Gary Blasi, who directs the homelessness project for the Legal Aid Foundation in Los Angeles and who is president-elect of the Coalition for the Homeless, said the drug treatment programs in Los Angeles are "completely ludicrous." He said that there are 50,000 to 100,000 homeless people in Los Angeles County but only 20 to 25 beds available for them in residential treatment programs. "It's as if treatment doesn't exist," he said. "You'd have a better chance of winning the lottery."

Some homeless men have had to commit acts of desperation to get drug treatment. Earl McPherson, a Washington man who started drinking beer and smoking marijuana when he was 12 years old, found himself addicted to crack and "any mood-altering substance" by the age of 25.

As he found himself becoming unable to function, he lost his job, lost his apartment, sold his car, and moved in with his mother. When his mother finally kicked him out, it was a cold, snowy day and Mr. McPherson said he felt he could fall no lower. He had applied to a residential drug treatment program at D.C. General Hospital, but, he said, he was in 397th place on the list. So Mr. McPherson camped out in the hospital emergency room for five days.

"I told them I wouldn't go back out there until I got help," he said. "I told them I would kill myself if they didn't admit me." He got in.

UPDATE OF DISABLED FIGURES FOR ELDERLY DEVELOPMENTS, MAY 30, 1989 (a)(c)

DEVELOPMENT	ADDRESS	PROJECT NUMBER AND TYPE	DATE OF OCCUPANCY	TOTAL UNITS	TOTAL OCCUPIED	TOTAL OVER 62 DISABLED (b)	% YOUNG
JF KENNEDY	35 ESSEX ST. CAMBRIDGE 02139	MASS 3-4 FED ELDERLY	OCTOBER 1963	88	81	64	18.5
HS TRUMAN	25 EIGHTH ST. CAMBRIDGE 02141	MASS 3-6 FED ELDERLY	APRIL 1970	67	64	35	14.1
BF BURNS	30-50 CHURCHILL AVE CAMBRIDGE 02140	MASS 3-7 FED ELDERLY	NOVEMBER 1973	199	198	188	5.1
MILLERS RIVER	15 LAMBERT ST CAMBRIDGE 02141	MASS 3-10 FED ELDERLY	JUNE 1974	304	293	248	15.4
LD JOHNSON	150 ERIE ST. CAMBRIDGE 02139	MASS 3-11 FED ELDERLY	OCTOBER 1973	181	173	145	16.2
RC WEAVER	81 CLIFTON ST CAMBRIDGE 02140	MASS 3-12 FED ELDERLY	SEPTEMBER 1973	20	19	17	10.5
FJ HANNING	237 FRANKLIN ST CAMBRIDGE 02139	CAMB 667-1 STATE ELDERLY	AUGUST 1976	199	187	157	16
NORFOLK ST. CONGREGATE	116 NORFOLK ST. CAMBRIDGE 02139	CAMB 667-2 STATE ELDERLY	NOVEMBER 1975	39	36	32	11.1
LINNEAN ST.	45 LINNEAN ST. CAMBRIDGE 02138	CAMB 667-3A STATE ELDERLY	JULY 1981	24	24	19	20.8
PUTNAM SCHOOL	86 OTIS ST. CAMBRIDGE 02141	CAMB 667-3B STATE ELDERLY	MARCH 1983	33	30	26	13.3
LJ RUSSELL APTS.	2050 MASS AVE. CAMBRIDGE 02140	CAMB 667-4 STATE ELDERLY	OCTOBER 1984	51	50	47	6
CONDOMINIUMS	VARIOUS	CAMB 667-5 STATE ELDERLY	1983	5	4	4	0
PUTNAM SQUARE NPTS.	2 HT. AUBURN ST. CAMBRIDGE 02138	WHFA 069-011-W LOC ELDERLY	JANUARY 1972	94	94	88	6.4
ELDERLY TOTAL				1304	1253	1092	12.8
						AVERAGE	

(a) Data are from the CNA's new computer system. The data quality should be improved over the last report. Note some declines in % Young Disabled, probably due to direct data entry on WANS system.

(b) These developments also have disabled tenants among the elderly. Unfortunately, we cannot count them right now.

(c) Putnam Square data as of December 1, 1988.

PLACEMENTS IN CHA ELDERLY HOUSING, 6/87 - 5/89(a)

DEVELOPMENT	ELDERLY PLACEMENTS	DISABLED PLACEMENTS	TOTAL PLACEMENTS	DISABLED AS % OF TOTAL
JF KENNEDY	9	7	16	43.8
HS TRUMAN	12	4	16	25
DF BURNS	29	5	34	14.7
MILLERS RIVER	31	15	46	32.6
LB JOHNSON	17	7	24	29.2
RC WEAVER	3	0	3	0
FJ MANNING	24	9	33	27.3
NORFOLK ST. CONGREGATE	12	4	16	25
LINNEAN ST.	0	4	4	100
PUTNAM SCHOOL	0	2	2	100
LJ RUSSELL APTS.	7	0	7	0
CONDOMINIUMS	0	0	0	0
PUTNAM SQUARE APTS.	12	6	18	33.3
ELDERLY TOTAL	156	63	219	28.8

(a) Norfolk St. data as of 11/88 only.



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
RAYMOND L. FLYNN

TESTIMONY OF BOSTON MAYOR
RAYMOND L. FLYNN
CHAIRMAN
TASK FORCE ON HUNGER AND HOMELESSNESS
UNITED STATES CONFERENCE OF MAYORS
TO THE
SENATE BANKING COMMITTEE
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS
HEARING ON "HOMELESSNESS IN AMERICA"
JUNE 1, 1989

SENATORS, ON BEHALF OF THE UNITED STATES CONFERENCE OF MAYORS AND AS CHAIRMAN OF THE CONFERENCE'S TASK FORCE ON HUNGER AND HOMELESSNESS, LET ME THANK YOU FOR GIVING THE MAYORS OF AMERICA THE OPPORTUNITY TO VOICE THEIR CONCERNS ON THE CONTINUING GROWTH OF HOMELESSNESS IN OUR COUNTRY. WE HAVE WORKED WITH YOU IN THE PAST AND LOOK FORWARD TO WORKING WITH YOU TO RENEW OUR NATIONAL URBAN AGENDA.

LET'S START WITH A BASIC GOAL -- EVERY PERSON, EVERY FAMILY, AND PARTICULARLY, EVERY CHILD DESERVES A DECENT HOME.

UNFORTUNATELY, IN THIS WEALTHIEST OF NATIONS, THE NUMBER OF HOMELESS FAMILIES, AND THE NUMBER OF HOMELESS CHILDREN CONTINUES TO GROW AND GROW.

MAYORS ARE WORKING HARD, COMMITTING LOCAL RESOURCES TO PUT A ROOF OVER PEOPLE'S HEADS BUT WE NEED A STRONGER PARTNERSHIP WITH THE FEDERAL GOVERNMENT TO TURN THIS CRISIS AROUND.

ACCORDING TO THE MOST RECENT SURVEY BY OUR TASK FORCE:

- o REQUESTS FOR SHELTER BY HOMELESS FAMILIES INCREASED BY 18 PERCENT LAST YEAR.

- o HOMELESS FAMILIES MAKE UP ABOUT ONE THIRD OF OUR HOMELESS POPULATION TODAY, AND;
- o ONE OUT OF EVERY FOUR AMERICANS WHO IS HOMELESS TODAY IS A CHILD.

IF WE ARE SERIOUS ABOUT REVERSING THESE GROWING NUMBERS, WE NEED AN ALL OUT EFFORT BY GOVERNMENT, THE PRIVATE SECTOR AND THE COMMUNITY, WORKING TOGETHER TOWARD THE COMMON GOAL OF PROVIDING AFFORDABLE HOUSING FOR EVERY AMERICAN.

TO ACHIEVE THIS GOAL, WE NEED A NATIONAL POLICY ON HOUSING AND HOMELESSNESS THAT INCORPORATES THE FOLLOWING:

- 1) FULL FUNDING OF THE STEWART-B. MCKINNEY HOMELESS ASSISTANCE ACT, AS HAS BEEN PROPOSED BY PRESIDENT BUSH AND ADOPTED BY CONGRESS IN THE FISCAL YEAR 1990 BUDGET RESOLUTION.
- 2) BEYOND THE MCKINNEY ACT, WE MUST MOBILIZE ALL SECTORS--GOVERNMENT, THE PRIVATE SECTOR, FOUNDATIONS, CHURCHES, UNIONS AND THE COMMUNITY--IN AN EFFORT TO END HOMELESSNESS IN AMERICA. THAT IS WHY I HAVE PROPOSED, AND SENATOR AL GORE HAS FILED, LEGISLATION ESTABLISHING A WHITE HOUSE CONFERENCE ON HOMELESSNESS.

- 3) ACTIONS TO DEFUSE THE TICKING TIME BOMB OF EXPIRING HOUSING SUBSIDIES AND PREVENT FURTHER HOMELESSNESS, NOT ONLY BY RENEWING FEDERAL ASSISTANCE, BUT ALSO BY EXPANDING THE OPPORTUNITIES FOR TENANTS TO ACQUIRE THEIR UNITS.
- 4) A NATIONAL HOUSING POLICY MUST BE ENACTED THAT PUTS AMERICA BACK TO WORK BUILDING HOMES THAT ARE AFFORDABLE TO POOR AND WORKING PEOPLE. IN BOSTON, WE HAVE DEVELOPED A NUMBER OF INNOVATIVE MODELS FOR BUILDING THIS HOUSING, AND WITH THE FEDERAL GOVERNMENT PARTICIPATING AS A PARTNER, WE COULD DO MORE OF THAT WHICH WE ARE ALREADY DOING WELL, AND;
- 5) MORE LINKAGES MUST BE ESTABLISHED BETWEEN HOUSING PROGRAMS AND SOCIAL SERVICES. THIS INCLUDES ALLOWING FOR DAY CARE SPACE AND SERVICES IN TRANSITIONAL HOUSING FOR THE HOMELESS AND IT INCLUDES EXPANDING PUBLIC HOUSING OPERATING SUBSIDIES TO ALLOW FOR YOUTH WORKERS, JOB TRAINING CENTERS AND LITERACY PROGRAMS.

IN THE COURSE OF A YEAR, MANY IMPORTANT ISSUES COME BEFORE CONGRESS -- FOREIGN POLICY INITIATIVES, THE SAVINGS AND LOAN CRISIS, THE SPACE PROGRAM -- BUT I BELIEVE THE REAL CHALLENGE BEFORE CONGRESS IS WHETHER WE CAN PROVIDE EVERY YOUNG PERSON IN AMERICA WITH A DECENT START IN LIFE. AND THAT INCLUDES HAVING ACCESS TO PROPER NUTRITION, HEALTH CARE AND EDUCATION AS GOOD AS THE WEALTHIEST CHILD CAN OBTAIN.

BUT IT ALL STARTS WITH HOUSING.

IMAGINE A SIX YEAR OLD CHILD, LIVING IN A WELFARE HOTEL OR A SHELTER, SHUNNED BY HIS OR HER CLASSMATES WHO DON'T WANT TO BE SEEN WITH "THE HOMELESS KID."

OR IMAGINE ANOTHER CHILD, LIVING IN ONE OF THE DISTRESSED OR FORECLOSED HUD PROPERTIES IN OUR INNER CITIES. IT IS HARD TO FOCUS ON YOUR STUDIES WHEN THE ROOF LEAKS, OR WHEN THE HEAT IS NOT WORKING OR WHEN DRUG DEALERS CONGREGATE IN YOUR STAIRWAYS AND HALLS.

OR CONSIDER A THIRD CHILD, LIVING IN SUBSIDIZED HOUSING WHERE THE SUBSIDIES ARE ABOUT TO RUN OUT. HOW FAR IS THAT CHILD, AND THAT FAMILY, FROM BECOMING HOMELESS?

SHOULD ANYONE BE SURPRISED WHEN SOME OF THESE KIDS FALL BEHIND IN SCHOOL, OR DROP OUT, OR TURN TO DRUG DEALING, DRUG ABUSE AND VIOLENCE?

MR. CHAIRMAN, IN BOSTON, WE HAVE MADE A COMMITMENT THAT NO PERSON SHALL BE DENIED A WARM BED, A HOT MEAL, DECENT HEALTH CARE AND TRANSPORTATION TO AND FROM SHELTER -- AND WE ARE DELIVERING ON THIS COMMITMENT. SINCE 1984, WE HAVE INCREASED THE NUMBER OF SHELTER BEDS FROM 972 TO 2,754, AN INCREASE OF 183 PERCENT. TO DO THIS, WE WORK WITH A NUMBER OF EXCELLENT SERVICE PROVIDERS IN BOSTON SUCH AS THE CROSSROADS FAMILY SHELTER, CASA MYRNA VASQUEZ, BRIDGE OVER TROUBLED WATERS AND THE BOSTON FAMILY SHELTER.

AT THE SAME TIME, WE RECOGNIZE THAT SHELTERS ARE NOT HOMES, AND WE ARE WORKING TO PUT ON LINE AS MANY NEW AFFORDABLE HOUSING UNITS AS WE CAN. SINCE I TOOK OFFICE IN 1984, WE HAVE HAD ABOUT 14,000 HOUSING STARTS, 8,000 OF WHICH HAD SOME CITY ASSISTANCE, AND OF THOSE, ABOUT THREE QUARTERS ARE AFFORDABLE TO LOW AND MODERATE INCOME PEOPLE.

TO DO THIS, WE WORK WITH GROUPS SUCH AS THE BRICKLAYERS AND LABORERS NON PROFIT HOUSING CORPORATION, THE HOTEL WORKERS AND OTHER LABOR ORGANIZATIONS, WHICH USE UNION PENSION FUNDS, CITY LAND, AND STATE AND LOCAL FUNDING TO BUILD HOMES THAT POOR AND WORKING PEOPLE CAN AFFORD. WE ALSO WORK WITH COMMUNITY DEVELOPMENT CORPORATIONS, INDIVIDUALLY AND THROUGH THE BOSTON HOUSING PARTNERSHIP, WHICH HAS WORKED TO REHABILITATE ABOUT 2,000 UNITS OF LOW AND MODERATE INCOME HOUSING IN BOSTON.

NOW WE NEED YOUR HELP TO GET THE FEDERAL GOVERNMENT BACK ON OUR SIDE, TO PRESERVE THE AFFORDABLE HOUSING WE HAVE AND TO PRODUCE THE AFFORDABLE HOUSING WE NEED.

AS CHAIRMAN OF THE UNITED STATES CONFERENCE OF MAYORS TASK FORCE ON HUNGER AND HOMELESSNESS, I WAS PROUD TO TESTIFY BEFORE THIS PANEL AT YOUR FIRST HEARING IN 1987 ON THE STATUS OF HOMELESSNESS IN AMERICA. AND I JOINED WITH MY FELLOW MAYORS AND MANY OF YOU IN WORKING FOR THE PASSAGE OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT. THE RESOURCES FROM THAT LEGISLATION HAVE HELPED TO SLOW THE INCREASE OF HOMELESSNESS, AS DOCUMENTED IN OUR JANUARY, 1989 REPORT. BUT SEVERAL HUNDRED MILLION DOLLARS IN MCKINNEY FUNDS TODAY, OR FULL FUNDING OF MCKINNEY NEXT YEAR CANNOT COMPENSATE FOR A FEDERAL HOUSING BUDGET THAT HAS BEEN CUT FROM \$33 BILLION IN 1981 TO UNDER \$8 BILLION TODAY.

THAT IS WHY S.565, THE NATIONAL AFFORDABLE HOUSING ACT, IS SO IMPORTANT. WE GREATLY APPRECIATE THE INITIATIVE OF SENATORS CRANSTON AND D'AMATO IN INTRODUCING THIS LEGISLATION AND I AM PROUD TO SAY THAT MASSACHUSETTS' TWO SENATORS, EDWARD KENNEDY AND JOHN KERRY, HAVE SIGNED ON AS COSPONSORS.

THE NATIONAL AFFORDABLE HOUSING ACT HAS TWO KEY PRINCIPLES WHICH WE SUPPORT -- MORE RESOURCES AND MORE FLEXIBILITY. WITH RESPECT TO THE PROGRAMS CURRENTLY FUNDED THROUGH THE MCKINNEY ACT, THE BILL PROPOSES TO CONSOLIDATE SEVERAL EXISTING PROGRAMS INTO ONE. SO LONG AS THE COMMITMENT IS THERE TO PROVIDE FULL FUNDING FOR THESE PROGRAMS, INCREASED FLEXIBILITY MAY BE USEFUL. IN SEVERAL WEEKS, THE U.S. CONFERENCE OF MAYORS WILL HOLD ITS ANNUAL MEETING IN CHARLESTON, SOUTH CAROLINA, AND WE WILL BE WORKING TO RESPOND TO YOUR INITIATIVES.

ANY DISTRIBUTION FORMULA THAT IS DEVELOPED BOTH FOR THE HOMELESS INITIATIVES AND FOR ANY NEW HOUSING EFFORTS SUCH AS THE \$3 BILLION HOUSING OPPORTUNITY PROGRAM MUST RECOGNIZE THAT OUR LARGER CITIES HAVE A DISPROPORTIONATE SHARE OF POOR AND NEEDY PEOPLE, PARTICULARLY THE HOMELESS. THIS IS A FACT, AND WE ACCEPT THE CHALLENGE OF HOUSING PEOPLE IN NEED. BUT THE FEDERAL GOVERNMENT SHOULD ALSO RECOGNIZE THESE FACTS AND ENTER INTO A DIRECT PARTNERSHIP WITH US TO GET THE JOB DONE WITH A MINIMUM OF BUREAUCRACY.

I WOULD ALSO URGE THE COMMITTEE TO CONSIDER LEGISLATION THAT WILL SUPPORT THE CREATIVE PROJECTS THAT ARE BEING DEVELOPED IN CITIES ACROSS AMERICA BY THE GROWING NUMBER OF

NON-PROFIT HOUSING ORGANIZATIONS SUCH AS COMMUNITY DEVELOPMENT CORPORATIONS, UNION AND CHURCH SPONSORED PROJECTS AND NEIGHBORHOOD HOUSING SERVICES. THESE GROUPS ARE THE PRESENT AND THE FUTURE OF AFFORDABLE HOUSING IN OUR COUNTRY AND WE SHOULD MAKE IT CLEAR THAT THESE GROUPS PLAY A MAJOR ROLE IN NATIONAL HOUSING POLICY.

SENATE BILL 1081, THE "COMMUNITY HOUSING PARTNERSHIP ACT," FILED BY SENATOR FRANK LAUTENBERG, RECOGNIZES THE ROLE OF THESE ORGANIZATIONS. IT IS IDENTICAL TO LEGISLATION FILED IN THE HOUSE OF REPRESENTATIVES BY REPRESENTATIVE JOE KENNEDY AND A NUMBER OF BIPARTISAN COSPONSORS. I PROPOSED THIS LEGISLATION TO CONGRESSMAN KENNEDY AND WE HAVE WORKED WITH HIM TO GAIN THE SUPPORT OF THE UNITED STATES CONFERENCE OF MAYORS, THE NATIONAL LEAGUE OF CITIES AND THE NATIONAL LOW INCOME HOUSING COALITION FOR THIS IMPORTANT LEGISLATION.

FINALLY, IF WE ARE GOING TO SEE A SERIOUS EFFORT TO END HOMELESSNESS, WE MUST PROTECT THE TENANTS IN BUILDINGS SUBSIDIZED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT IN WHICH THE OWNERS CAN PREPAY THE MORTGAGE AND CONVERT BUILDINGS INTO UPSCALE HOUSING. RENEWING THESE SUBSIDIES IS AN IMPORTANT PRIORITY, AND AN EXPENSIVE ONE.

WHILE CONGRESS HAS TAKEN A STRONG STAND TOWARDS RENEWING THIS ASSISTANCE, I AM CONCERNED THAT GIVEN THE CONSTRAINTS OF THE FEDERAL BUDGET, THAT THESE COMMITMENTS MAY PREEMPT ANY SUBSTANTIAL FUNDING OF NEW HOUSING INITIATIVES.

THAT IS WHY I HOPE THE COMMITTEE WILL CONSIDER MEASURES TO HELP TENANTS PURCHASE SOME OF THESE BUILDINGS, AND TURN THEM INTO LIMITED EQUITY COOPERATIVES. WHILE IT IS THE SENATE FINANCE COMMITTEE THAT WILL BE ACTING ON THE REAUTHORIZATION OF THE LOW INCOME HOUSING TAX CREDIT, PERHAPS THIS COMMITTEE COULD FUND TECHNICAL ASSISTANCE FOR TENANTS AND ADVOCATE FOR TAX INCENTIVES THAT WOULD ALLOW TENANTS TO ACQUIRE THESE BUILDINGS EITHER IMMEDIATELY OR, FOR EXAMPLE, AFTER A FIVE YEAR USE OF THE CREDIT. I DISCUSSED THIS ISSUE WITH SECRETARY OF HOUSING AND URBAN DEVELOPMENT JACK KEMP DURING HIS RECENT VISIT AND WE AGREED THAT THE TAX REFORM ACT OF 1986 CREATED A MAJOR DISINCENTIVE FOR BUILDING LOW AND MODERATE INCOME HOUSING AND, AS A RESULT, MANY CITIES AND TOWNS HAVE BEEN ADVERSELY IMPACTED.

SENATOR CRANSTON AND SENATOR D'AMATO HAVE PERFORMED A GREAT SERVICE IN INTRODUCING THIS BILL AND I KNOW THAT SENATOR JOHN KERRY HAS ALSO PLAYED AN IMPORTANT ROLE IN ITS DEVELOPMENT. WE MUST ALL WORK TOGETHER -- DEMOCRATS AND REPUBLICANS, HOMEBUILDERS AND HOMELESS, BUSINESS AND LABOR --

TO PASS A NEW HOUSING BILL THIS YEAR. WHEN WE GET THIS HOUSING BILL WITH MEANINGFUL APPROPRIATIONS, THEN I BELIEVE YOU WILL START TO SEE SOME REAL PROGRESS TOWARDS THE GOAL SET BY PRESIDENT TRUMAN OVER FORTY YEARS AGO OF "SAFE AND DECENT HOUSING FOR ALL AMERICANS."

**Testimony Presented to the United States
Senate Subcommittee on Housing and Urban Affairs**

**Hearings on Homelessness in America
June 1, 1989**

**Presented by Michael C. Piper
Assistant Director for Housing
Washington State Department of Community Development**

I am pleased to have the opportunity to share with you a Washington State perspective on Homelessness.

Before responding to the specific questions posed as topics for the roundtable discussion, I would like to speak more generally about Washington State's involvement in homelessness issues. First, homelessness is a national problem which Washington State has not escaped. In state funded programs alone, 47,000 persons were provided emergency shelter in 1988 and another 62,000 were turned away. In fact, it is the prevalence of homelessness that has caused us in state government to examine our role, and take action, in the whole spectrum of housing needs. Not unlike other states, homelessness has pushed us to act. The state historically has not been involved in housing.

The growing pressure and the changing character of homelessness moved the state from a virtual no role in housing to becoming a partner with the federal government, local government, and the private sector to address the problem. For example:

- o In 1985, Washington State was among the first states in the country to provide state funding for emergency shelter -- well in advance of passage of the Stewart B. McKinney Act. We now provide flexible operating and homeless prevention funding to a network of over 100 nonprofit emergency shelter providers in every county in the state.
- o We have worked very closely with service providers to design our programs so that they work at the local level.
- o We have gone from literally a two-person statewide staff in housing to an entire Housing Division approaching 35 professionals to provide administration of homeless and housing programs.
- o The 1989 State Legislature adopted a \$19 million Governor's housing package which included additional funding for homelessness and the low-income Housing Trust Fund Program. The package received broad bi-partisan support.
- o We now have a House Committee on Housing in the Legislature which provides a forum, oversight and leadership on housing issues.
- o Governor Gardner is appointing a state-wide Task Force to examine homelessness in Washington State and provide advice on homelessness issues.

- o **We have commissioned a survey on homelessness and completed a statewide housing needs study to begin to give us the information base we need to work effectively on low-income housing issues.**
- o **We have formed a Task Force with the Department of Social and Health Services to better integrate housing with health and social services. We recognize that services are an essential ingredient of housing if we are to effectively address homelessness.**

PRINCIPLES FOR A REAL HOUSING PARTNERSHIP

I point these things out not to site them as accomplishments, but to demonstrate that efforts are being made to address the national problem of homelessness -- that states are uniquely positioned to be partners with the federal government, local government, and private sectors to address homelessness and low-income housing issues. Whether it be welfare reform or housing, states are building a record of becoming quickly responsive to urgent human needs. Federal housing legislation should recognize this and encourage and foster this emerging partnership. This partnership should consider several principals:

- o **The prevalence of homelessness is clearly unacceptable. We are not a third world nation. Our values and resources require that we act.**
- o **No single sector in the housing community has the resources alone to meet pressing low-income housing needs. The era of "one-stop shopping" for housing at the federal level is over. Low-income housing now requires a partnership of housing interests including the private sector, local government, nonprofit groups, federal, local, and state government.**
- o **The federal government must recommit itself to its historical commitment to low-income housing and should retain primary responsibility for financing low-income housing needs. We support the commitment demonstrated in the National Affordable Housing Act.**
- o **The state has a responsibility in housing and must be an active member of the housing partnership. However, state housing efforts should be supplemental to, and triggered by, federal and local efforts.**
- o **Federal and state housing assistance should be flexible to meet varying local conditions but be highly targeted to those with the greatest housing needs. Regulations must be flexible so a variety of resources can work in tandem with a minimum administrative burden. Regulation and administrative requirements should be proportional to the level of funding and should foster partnerships, innovation, and responsiveness.**

Homelessness assistance should be viewed as the entry point to a continuum of housing and services, hopefully providing the shelter and tools of self-sufficiency so that families and those with special needs are not merely "warehoused" or returned to the streets.

STEWART B. MCKINNEY ACT

Let me turn now to address how current federal initiatives are suited to the varying needs of people who are homeless or near-homeless.

The Stewart B. McKinney Act programs have served as valuable emergency measures in a time of great need. We must recognize, however, that the McKinney Act is a stop-gap measure and none of the programs either in Title IV or the other Titles are designed to end homelessness. Homelessness is caused by underlying social factors including: lack of decent affordable housing; incomes which are inadequate to support basic living costs; and a system of support services which is unable to meet needs of persons with special needs including mental illness and chronic substance abuse. McKinney Programs must be considered an integral part of a greater whole. These are the emergency component in a continuum of housing and services. Every effort should be made to move away from emergency responses toward prevention and stabilization. McKinney Programs are a necessary element of the National Affordable Housing Act but must not stand alone or homelessness will become institutionalized.

Specifically, we have the following concerns and recommendations on McKinney Act Programs:

- o **Funding for the programs falls far short of enabling providers to meet all but a small fraction of those needs.** Particularly underserved by the current programs are homeless youth (runaways, "throwaways", the mentally ill, and chronic substance abusers).
- o **The competitive nature of McKinney Act Programs denies desperately needed resources in some sectors and communities.** Small cities and counties and rural areas receive almost none of the McKinney funds due to the competitive nature of the grant processes and the stringent match and site control requirements. Most of these jurisdictions neither have the fiscal nor technical resources to be competitive. In Washington State, only the Emergency Shelter Grants Program (ESGP) has enabled smaller cities and counties to access McKinney funds as a result of grants allocated directly to the state by HUD.
- o **Rigidities in regulation have created problems in applying for McKinney funding.** These include site control requirements, match requirements, and elaborate application processes, particularly in the Supportive Housing Programs.

NATIONAL AFFORDABLE HOUSING ACT

Overall, the provisions of Cranston D'Amato would improve McKinney Act Programs. Making grants to states and units of local government for activities designed to meet the emergency transitional and permanent housing needs of the homeless and for prevention activities would enhance and strengthen state and local ability to design and coordinate local programs with federal resources. Many states, Washington included, have the capacity as a result of state-funded homeless programs, to assess needs of the homeless and allocate resources based upon the needs. This is true of larger metropolitan areas also.

- o **Based upon the state's ability to view the homeless problem from a broad, statewide perspective, a higher percentage of the total funds should be allocated directly to the states.** If state government is to continue to assume responsibility in addressing the needs of the homeless with state funds and initiatives, then a larger portion of federal funds should be granted to them. In Washington State, the governor and legislature have supported budget increases to assist the homeless and those at risk of becoming homeless. The State has a record of targeting resources and administering programs for a broad range of community development and human service programs, including housing.
- o **The twenty-percent (20%) limitation for services and prevention activities under Section 402 (2) should be reconsidered and perhaps set at a higher level, or a more flexible, workable process for granting waivers should be instituted.** Requests for funding in the services/prevention category of 1989 federal ESGP funds for Washington State make up over one-half of the amount available to the states. Prevention activities should be encouraged as a means of moving away from homelessness.
- o **The allocation formula to states and cities established by HUD must be stringently objective.** There are no reliable, established methods for counting the homeless. Consequently, we discourage use of a homeless count by federal, state or local governments to determine allocations. It would be better to use readily available, reliable proxy measures such as income, poverty, and unemployment numbers to determine the need for funds. More research will be needed to set a fair allocation formula which accurately reflects need. One shelter provider suggests comparing median income of jurisdictions with units of affordable housing. All low-income renters paying more than thirty-percent for housing could be considered to be "at risk" of becoming homeless.
- o **Careful attention should be paid to details of matching requirements.** Match requirements for McKinney portions of the Act need to take into account the level of effort as well as capacity of local areas to raise funds. This would enable projects to take place in distressed areas that have few available resources. The ESGP match regulations are flexible enough to allow jurisdictions to use a variety of other applicable revenue sources as match. The existing stringent match requirements have been onerous in the Permanent Housing for the Handicapped Program. For example, of \$30 million in federal funds available nationally in 1988 for this program, only \$5 million was awarded.

HOMELESSNESS AND AFFORDABLE HOUSING

The major reason for homelessness is a lack of affordable housing. The Housing Opportunities Program (HOP) and other permanent housing programs are components of the continuum of housing. They serve as prevention and stabilization for homeless individuals or those at risk. The HOP and permanent affordable housing programs can be "married" at federal, state, and local levels to services which are appropriate to

ensure stability for populations who are homeless or at risk. Particularly at the state level, the mechanisms for matching housing with services is becoming a priority largely in response to the homelessness issue. This effort needs to be encouraged, fostered, and recognized in crafting federal housing, social service and health legislation.

We believe discretion should be given to the states and local governments for the prioritization of populations served. States and local governments have a better sense of which populations are most needy and how federal funds can complement state and local funds to most effectively serve those populations. For example in Washington State, there are large numbers of migrant farmworkers who need emergency and permanent housing during certain months of the year. In other states a different population mix may be in greater need of housing. Generally, people who are homeless should be given top priority in acquiring affordable housing appropriate to their individual needs.

In conclusion, we believe that those portions of the National Affordable Housing Act that pertain to homelessness are moving in the right direction. States are willing to be active partners with the federal government in addressing the needs of the homeless and in providing affordable housing. To capitalize on the potential of states, federal housing legislation should be crafted in a way to foster partnership, innovation, responsiveness, flexibility and accountability in not only process, but outcomes as well. We appreciate the opportunity to come before you and share the Washington State perspective on homelessness and look forward to providing the committee our perspective of the full provisions of the National Affordable Housing Act at a later date.

TESTIMONY OF
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LOS ANGELES
AND
BOARD MEMBER OF
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AND
THE NATIONAL LOW-INCOME HOUSING COALITION
SUBMITTED TO
THE SUBCOMMITTEE ON
HOUSING AND URBAN AFFAIRS
COMMITTEE ON BANKING, HOUSING
AND URBAN AFFAIRS
UNITED STATES SENATE
"ROUNDTABLE ON HOMELESSNESS"
JUNE 1, 1989

I am here today as the Executive Director of the Single Room Occupancy Housing Corporation (S.R.O. Housing.) This corporation is a non-profit organization founded by the Community Redevelopment Agency of the City of Los Angeles in February, 1984. S.R.O. Housing acquires, renovates, manages, and maintains residential hotels (S.R.O.'s) in the Skid Row neighborhood of Los Angeles. Currently we control 12 hotels with 1080 units of housing. Our tenants have one common denominator: They lack the financial resources to exercise choice in the very expensive and very tight Los Angeles housing market. Of course this lack of resources impacts every aspect of their lives and restricts their access to health care, presents difficulties in acquiring those other basic survival needs such as food and clothing, and leaves little if any disposable income for discretionary spending that most Americans take for granted.

Our tenants have a median income of \$4,320 (less than 25% of the median for the S.M.S.A.) In a survey we conducted in 1984 we found that 54% had a history of chemical abuse, which was about evenly divided between alcohol and illegal substances as the drug of choice. A later survey found 17% of permanent tenants to have a history of mental illness. Not all our tenants are long term, we house 300 homeless indigent men each night under contract with the County Department of Public Social Services (D.P.S.S. or the Welfare Department.) By the way, our "welfare hotels" differ from those that have received such notoriety in New York such as the Martinique Hotel. They differ in two basic ways -- they are decent and safe places for people to stay and we do not get \$3,000 a month as the Martinique did until recently. We receive the magnificent sum of \$8.00 per night.

I wish to thank the Chairman and Subcommittee for the opportunity to appear today to share my views on the pressing national issue of homelessness. My testimony today will cover a broad range of homeless issues in addition to my major focus on S.R.O.'s.

First, I would like to thank this Subcommittee and its excellent staff for the leadership it has provided in the area of the Section 8 Moderate Rehabilitation for S.R.O.'s that has been included in the Stewart B. McKinney Act. Despite the recent allegations of favoritism in this program, Mod Rehab as a whole is a great program and it has worked well for S.R.O.'s. The cost per unit (\$14,300) is but a fraction of the cost of rehabilitating more traditional housing and the Fair Market Rent of 75% of a zero bedroom is a bargain, especially when spread over a ten year period. By the way, the ten year contract term for S.R.O.'s (as compared to the fifteen year term for traditional housing) has proved workable and results in a one-third increase in the number of units.

We have encountered a problem in Federal law that has added to the difficulty in acquiring and renovating S.R.O.'s. In California the State Bond Counsel has issued an opinion that tax-exempt bonds cannot be sold to finance S.R.O.'s. The reasoning behind this opinion is that the 1986 Tax Reform Act uses the term "standard housing" as part of its definition of eligible projects. I realize this is not the Subcommittee that writes tax law but I hope you will tell your colleagues about this problem and push for language that specifically denotes S.R.O.'s as eligible for low-income tax credits.

While on the subject of tax credits let me enter my plea that the Congress extend this program. We are just at the point where we are able to make use of this program. The National Equity Fund has invested in one of our projects and we have three additional projects approved for Federal credits by the State of California. We would like to be able to count on these resources to further our ability to acquire and renovate S.R.O.'s

There are two areas in which the tax credits could be improved, that is become more useful tools for low-income housing developments. First, we are currently in a crisis in low-income housing partly due to expiring subsidies and Federally imposed restrictions. That same phenomenon is built into the tax credit driven projects -- after 15 years investors can sell properties with no low-income use restrictions. Second, there are currently no provisions to facilitate buyouts by public agencies or non-profits which would assure long term affordability.

In California there are State tax credits as well as Federal credits. The State tax credits require 30 years of restricted rents for low-income tenants. The Mortgage Bond Allocation Commission, which allocates both credits, has had no shortage of applicants for the State credits even with the 30 year use restrictions.

Even thirty years has a way of coming around. By itself doubling the period of affordability to low income tenants would be a great boon. However, if buy back provisions at a capped price were treated favorably, low-income housing in these projects could remain affordable in perpetuity.

It is our contention that S.R.O.'s can be housing of choice for many people, while recognizing that in most people's eyes they are housing of last resort. The point is, however, that few middle class executives lose their jobs and end up in a homeless shelter or on the streets the next day. This does happen to S.R.O. residents when their homes are demolished or converted to another use. In this sense S.R.O.'s represent the best kind of homeless program -- they prevent homelessness.

Despite the fact that my major professional interest and expertise is in the area of S.R.O. housing development and management, through my involvement with the National Coalition for the Homeless and also the National Low Income Housing Coalition I have other interests as well. One of those interests is in the area of who gets assistance and who is denied or ignored. It has become a truism that the fastest growing segment of the homeless population are families with children. While I do not dispute the need to provide assistance to this population, it should not be at the expense of the single individual. After all there are Federal assistance programs for families (A.F.D.C.), for the elderly and disabled (S.S.I.) but in only ten states are there programs to assist able bodied single individuals on a year-round basis.

The second policy issue I would like to bring to your attention is that of eligibility for McKinney Act funds. These funds can only be used to support new programs or expansion of existing programs. There are many deserving programs established before any Federal funds were available that are struggling to keep their doors open. No matter how precarious their financial plight they are ineligible for McKinney Act assistance for any program in existence prior to their funding request. I do understand the need for "maintenance of effort" clauses in Federal grant-in-aid programs. However, I would recommend that this Subcommittee assign its staff to come up with protection from abuse while allowing at least a percentage of McKinney Act funds to go to support pre-existing programs.

There has been considerable discussion of "Block Granting" of housing programs and particularly of those programs targeted to the homeless. As someone who has experienced "Block Granting" of funds previously distributed through competitive systems, I am adamantly opposed to such plans. My experience is with programs to treat alcoholics which prior to Fiscal Year 1982 were awarded on a competitive basis. Our program was funded directly by the National Institute on Alcohol Abuse and Alcoholism (NIAAA.) The first year of the Block Grant previous grantees were protected by a "hold harmless" clause that mandated 70% of funds to existing grantees.. That year we received 70% of our former allocation. In year two there was no Congressionally mandated "hold harmless" clause and that year we received a nice round number of dollars -- exactly 0.

The current wisdom holds that virtue lies in that unit of government closest to the people. That is, City and County governments are best, State governments are better, and the Federal government is somehow the devil incarnate. Well I am here to tell you that there is no particular sainthood conferred by proximity. There

are those problems that require a national commitment and homelessness is certainly one of them. Yes, State and Local governments must be active participants; yes, corporate America has a definite role to play and certainly private charitable efforts will continue to be the backbone of programs assisting the homeless. But we must not lose sight of the fact that homelessness is a problem of national proportions and that the Federal government's role is larger than just supplying resources. I urge the Congress to retain control of Federal programs, to set policy for H.U.D. and the other agencies involved, and to not block grant funds for homeless assistance programs.

No matter how much you fine tune the McKinney Act programs, no matter that you continue to authorize modest increases in programs such as Section 8 Mod Rehab, even these positive steps plus an extension of the low-income tax credit will not be enough. After eight years of stagnation in housing, a period that saw Federal outlays for subsidized housing drop from over \$31 billion to just over \$7 billion, we have built up a demand that exceeds the post World War II era. Where are our programs that will be the equivalent of that era's F.H.A. and V.A. loans?

Although my professional interest is focused on providing housing for the lowest of our low-income citizens, I realize that national priorities and programs must be much broader in scope. That is why the H.O.P. program that was fostered in this subcommittee is an important part of the mix. That is why first time home buyers must be assisted by the Federal government in their increasingly difficult transition from renters to owners. In other words, I support a broad-based national housing policy that does not rely on the "trickle down theory" to serve the poorest of the poor.

It is easy to sit in the witness chair and support programs with which one is in agreement. In these times of huge budget deficits it is important as well to provide input on how we are going to pay for these programs. I have two ideas. First, since the taxpayer is being asked to bail out failed S&L's, there should be a public benefit. That public benefit could take the form of converting assets (single family homes and multi-family housing projects) to low and moderate income housing. Limited equity restraints could be placed on single family properties so that more than one generation of owners would benefit. Multi-family projects should be conveyed to public or non-profit ownership or limited equity co-ops formed to take title to the properties.

The second way of raising revenue for low-income housing involves taking on one of the sacred cows of American politics -- the mortgage interest deduction. This is a difficult task for elected officials and will require leadership and real courage. However, increasingly home ownership is difficult for the average American family to achieve. Why should those relatively few who achieve it be so favored? How can we justify a policy that allocates seven dollars, through tax deductions, to help house our more advantaged citizens for each dollar allocated to help house our poorest? If we were to lower the maximum qualifying mortgage from \$1,000,000 to \$500,000 substantial new revenue would be raised that could be used for low-income housing. The same is true of second home mortgage interest deductions. At a time when the average American finds it so difficult to buy one modest home, why should we be subsidizing vacation homes and weekend retreats?

Mr. Chairman, I appreciate this opportunity to share views on housing policy. Thank you for inviting me to testify. I will be happy to answer any questions.

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Prepared Statement of
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June 1, 1989
Roundtable on Homelessness

The National Coalition for the Homeless is a federation of individuals, agencies and organizations committed to the principle that decent shelter and housing and adequate food are fundamental rights in a civilized society.

Organized in the spring of 1982, the National Coalition works to secure these rights and serves as a clearinghouse to share information and resources. With offices in New York and Washington, D.C., the National coalition is governed by a board of directors with representation from roughly 50 cities and regions throughout the United States.

Legal counsel, experienced in representing the rights of the homeless, is available to assist the rights of the homeless in different jurisdictions throughout the country.

Each year, the National Coalition produces detailed reports on homelessness in targeted cities or states in an effort to increase public awareness of the issue and to spur local officials to respond to the needs of the homeless.

Four times in the last two years, the National Coalition has activated its national information-gathering network to monitor the implementation of McKinney Act programs. Three national reports have been published as a result, and the data provided by this ongoing effort are the basis of the attached written comments, which focus on needed technical adjustments in the McKinney Act, as relayed to us by front-line workers across the nation.

Title IV

Emergency Shelter Grant Program

This program provides funds for two basic activities: (1) the expansion and rehabilitation of existing emergency shelters and (2) the provision of services for residents of emergency shelters by funding operating and social service expenses (essential services).

Problem: Since the 1988 amendment made prevention an allowable essential service, many non-profit providers feel that the 20% limit for essential services is too low or that each grant recipient should be able to spend up to 20% of funds for essential services. Some states use most of the essential service funds for state and local government programs, such that providers are not able to get ESG funding for essential services.

Recommendation: The limit should be raised or applied to each grant recipient rather than calculating the limit statewide.

Problem: Currently, the Act requires that states perform extensive environmental reviews. This is costly to the states and providers in terms of time as well as money. Originally, the environmental review requirements applied to only four areas: historic properties, floodplains, HUD hazards and coastal zone areas. Typically, rehabilitation of an existing buildings does not impact any environmental requirements except historic preservation.

Recommendation: Only the historic preservation requirements should be required for environmental reviews for the ESG program. Additionally HUD or the states should be allowed waiver authority.

Supportive Housing

There are two programs under the Supportive Housing section of the McKinney Act. The Transitional Housing Program provides temporary housing for homeless persons coupled with supportive services which would assist them in moving into permanent housing and independent living. The second

program provides Permanent Housing for Handicapped Homeless Individuals.

Problem: Site control should not be a selection priority for applications. The current provision, allowing applicants 6 months to gain control of a site and giving HUD the authority to recapture or cancel funds for applicants without site control in one year, is sufficient. The site control priority often prevents groups from applying if they are starting a new shelter, or expanding or moving to a new facility. It is very difficult to convince realtors and landlords to give site control if the applicant does not yet have funding.

Recommendation: Site control should be removed as an application ranking priority. Second, applicants should be allowed to provide evidence of a prototypical site that can reasonable be expected to be obtained in the near future, perhaps with the certification of a real estate agent.

Problem: Currently, AIDS is not considered an eligible "handicapping" condition for HUD housing. HUD's argument is that AIDS does not affect a person such that their housing needs to be physically altered. Though this may be true, because AIDS is so devastating physically, financially and socially, it often is a cause of homelessness for many people.

Recommendation: The definition of "handicapped" for the Permanent Housing for the Homeless Handicapped program should be expanded such that persons with AIDS are eligible for assistance.

Problem: The Permanent Housing for the Handicapped Homeless program currently has a limit of eight-beds per site. The principal reason behind the eight-bed limit is to assure community integration. Thus the eight-bed limit is unreasonable in many locations where high density living is the norm. There are some stories of providers scaling back their operations just to satisfy the limit.

Recommendation: The limit should be raised or eliminated. The restriction of community integration is sufficient.

Title V

Surplus Property Program

Background: Title V of the McKinney Act creates a program to make federal surplus properties available for states, cities and non-profit organizations to assist the homeless. It was not until the lawsuit National Coalition for the Homeless et. al. v. Veteran's Administration et. al. was brought in September 1988 that these properties began to be made available. Up until that point, only two federal properties were being used by the homeless.

There have been three separate court orders in this case, but, only a handful of the applications have been approved by the Department of Health and Human Services, though thousands of suitable properties have been identified. The continued problems with the implementation of this program have made it clear that there will have to be some legislative changes to Title V of the McKinney Act.

Problem: Currently, HUD must determine whether these properties are "suitable" for use by the homeless. The problem is that under the current process, properties are often listed as suitable before it is determined whether they are actually available. This is extremely frustrating in that groups often end up going through the lengthy application process for properties which they may never be able to receive.

Recommendation: HUD should be required to determine and list availability as well as suitability of these properties.

Problem: Only through court order has HHS begun to process applications for "underutilized" property as well as "surplus" property.

Recommendation: The law should be clarified that it is HHS's responsibility to process applications for "underutilized" property as well as "surplus" property.

Problem: Currently, the process for making these vacant properties available to the homeless takes an extended period of time.

Recommendation: HHS should be required to shorten the application procedures to save time

spent by the applicants, as well as HHS, and get the properties in the hands of homeless providers more quickly.

Problem: Currently, there is no process for the land-holding agencies to process applications and make their "underutilized" properties available for use by the homeless.

Recommendation: A process be outlined whereby the land-holding agencies would conduct lease agreements with homeless providers after HHS has processed the applications.

Problem: Individual complications have sprung up surrounding certain properties. Individual groups have been forced to wait for further court ruling before they have been able to receive certain properties. Currently there is no grievance process for those wishing to question agency decisions.

Recommendations: A review process should be created whereby applicants could appeal determinations as to why properties were not made available to them.

Some fine-tuning of these components of McKinney programs would make them operate more effectively at the delivery level. However, we must keep in mind at all times the nature of these programs, perhaps best stated by the Act's original title: "Urgent Relief for the Homeless," before it was named for your House colleague, Stewart B. McKinney, who was such a proponent of help for the needy.

There is a need beyond urgent relief, and that is a critical demand for affordable permanent housing for those who are homeless and at risk of losing their homes. A bill such as the "Permanent Housing for Homeless Americans Act" (S.1034), which would use existing resources to provide 280,000 units of permanent housing for homeless Americans, is a logical next step.

But this is still not enough, the nation needs a new commitment to affordable housing. The National Coalition welcomes all significant legislative efforts to address this need and to make real our nation's goal of decent, safe, and sanitary homes for every man, woman and child in this country.



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To: U.S. Senate Housing Subcommittee
From: David C. Schwartz, Ph.D., Director, American Affordable
Housing Institute
Assemblyman, 17th District, NJ State Legislature
Date: May 31, 1989

TESTIMONY REGARDING HOMELESSNESS PREVENTION

There is an old adage that you only get what you ask for. In the case of current federal initiatives to address the national crisis of homelessness, I would have to say that the adage is proving to be, unfortunately, very true. Despite recent efforts to begin to address homelessness on the part of Congress, most notably through the McKinney Act, there has been little or no leadership in developing and implementing programs that actually prevent homelessness.

As an example, let me share some information the Institute recently put together regarding the Comprehensive Homeless Assistance Plans (CHAPS) developed by the states for the most recent round of funding for McKinney. In response to specific guidelines established by the federal government, the states carefully delineated their 'comprehensive' plans to deal with the

growing crisis of homelessness. Yet less than 10% of the states even mentioned homelessness prevention as a component of their plans.

In the past year, Congress recognized homelessness prevention by adding a provision to the McKinney Act that allows states to use a small portion of their Emergency Shelter Grant (ESG) monies for prevention initiatives. Unfortunately, prevention was lumped in as yet another category of the "essential services" allowance under ESG. This category is capped so that only a maximum of 20% of the ESG can be used for these services. The money was already being used by shelter providers to purchase food, case workers or other critically needed services.

Including 'prevention' as yet another service allowed in this greatly underfunded category, particularly in light of the cut backs in FEMA program and the current lack of funding for the SAFAH program, gave little incentive to state or local entities to create prevention programs. As one worker voiced it: "So, we get to choose: food for our clients, or prevention. It doesn't seem to be much of a choice." As presently designed, this attempt to incorporate prevention in national homeless programs, actually ends up pitting the already homeless against the nearly homeless in a struggle for scarce resources.

The other nod to prevention initiatives in the McKinney Act is found in the Emergency Community Services Homeless Grant Program. Again, eligible organizations (primarily community action agencies) are allowed to use no more than 25 percent of the program

funds for prevention. There are some fine local prevention programs scattered throughout the country that struggle to operate within these fiscal and program limitations, but they are obviously not enough.

And while the National Affordable Housing Act of Senators' Cranston and D'Amato provides necessary mechanisms to increase the availability of low and moderate rental and home-ownership opportunities, and to develop transitional and emergency shelters, the issue of homeless prevention is barely addressed.

There is an increasing acknowledgement of the need for prevention programs. A handful of states - Maryland, Massachusetts, New Jersey, Pennsylvania, Virginia - have initiated programs that intervene prior to when a family or an individual becomes homeless, and provide emergency assistance that helps them remain in their homes. Some city wide prevention strategies in urban areas such as Anchorage, Denver, New York City and St. Louis are being attempted. And many creative prevention models are being developed and operated by a vast array of community-based, non-profit groups, though they are often limited by lack of funding support. A look at just a few of these programs may provide a compelling example of the positive results these models generate.

In New Jersey we have established a Homelessness Prevention Program. Since 1984, this program has provided more than 7,000 households with temporary, emergency finds to help avert imminent eviction or foreclosure. To be eligible, clients must demonstrate that eviction or foreclosure proceedings are imminent; that their

current fiscal difficulties were caused by one of a series of unavoidable, short term crises such as loss of employment, non-payment of child support, or fault-free delay in income maintenance or other benefit payments, etc. They must also satisfy the case worker that they will be able to sustain themselves in their current apartment or house once their current fiscal problems are resolved.

The program provides grants or loans to cover rent arrears, security deposits and/or a month's advance rent, or mortgage arrears at an average cost of \$1,000 per household - \$500 less than the average cost of sheltering a homeless family in our state for a month. This program, one of the largest and most comprehensive in the nation, has proven to 2 to 3 times less expensive than housing families in a shelter, and 10 to 30 times cheaper than maintaining families in motels.

In 1987 the state of New Jersey went even further. We adopted the Homelessness Prevention concept as a new component of an expanded Emergency Assistance (EA) program under our Aid to Families with Dependent Children (AFDC). Until that time our EA aid to homeless families was spent exclusively on hotel, motel or shelter payments for families. Since November, 1987, welfare offices have been able to use EA money to provide back rent to prevent eviction of families, or for security deposits and advance rent to stabilize a imminently homeless family when they are forced to move.

Welfare administrators and case workers in the state have observed that this program is currently their most successful mechanism for preventing homelessness among their clients. At this time, close to three-quarters of the homeless or imminently homeless, AFDC eligible families assisted with EA are served through this portion of the program rather than being placed in the far-more-costly welfare motels.

Emergency cash infusions are just one critical prevention model. Another model which has demonstrated dramatic success rates in sections of states such as New York and Massachusetts creates mechanisms for anti-eviction, or in some cases, anti-foreclosure "ombudspeople" to provide much needed legal aid, mediation and/or counseling to housing vulnerable families and individuals. Many low-income families become homeless due to illegal evictions, confusion or lack of knowledge about their rights as tenants, or their inability to access support or income programs that may already exist, in order to avert eviction.

In other cases, misunderstandings or potentially negotiable disagreements between property owners and tenants can cause families to become homeless. Anti-eviction programs take a variety of forms, but each of those we have identified, to date, have demonstrated remarkable success in preventing illegal evictions, and often, in negotiating mutually agreements between landlords and tenants who may have otherwise been asked to leave.

Massachusetts Housing Services program combines an early identification network with tenant-landlord mediators. This

mediation program which relies on the voluntary participation of the property owner has in FY88 prevented the eviction of more than 2300 families. New York City has several nonprofit pilot programs that provide free legal assistance to poor families in danger of eviction, or who are living in unsafe conditions. The Brooklyn Family Anti-Eviction Program has attorneys available in housing courts to immediately assist families with both legal problems and in identifying and accessing programs that could help them remain in their homes.

The Northern Manhattan Improvement Corporation for the past three years has operated a legal assistance program within the local welfare office. Clients with housing problems are immediately referred to legal assistance and hundreds of imminent, illegal evictions have been prevented each year. In the Denver area, several free credit and mortgage counseling programs have been established to help area residents to avoid mortgage foreclosure and remain in their homes.

Other successful models are being developed as well. They include comprehensive community-based support programs where "red-tape" is negotiated for threatened families in order that these families receive, on a timely basis, the services and financial support for which those families are already eligible. "Buffer" funds or "entitlement" insurance programs are being studied as potential homelessness prevention mechanisms. In many cases people are becoming homeless while waiting for a government check which the family is clearly, or at least probably, entitled to. While

families are waiting for these government checks, waits due to technical, bureaucratic, or simply accidental delays in processing, buffer funds can temporarily provide families with necessary income until the check issuance problems have been resolved. When the appropriate government check is issued, the buffer fund is then automatically repaid. On occasion, a family may prove to be ineligible for a program and in that instance the buffer fund will take a loss.

Everyday, thousands of working poor as well as welfare dependent families lose their homes, unnecessarily. It is time for the federal government to provide some strong policy and fiscal leadership needed to make prevention a key component of our national, state and local initiatives to deal with the country's homelessness crisis.

Congress must begin by authorizing a federal homelessness prevention program with a dedicated, multi-year funding appropriation. The critical needs of the already homeless must not have to compete with the equally important preventive assistance required by our families currently living on the edge of homelessness.

I believe several components are needed to guarantee the effectiveness of a federal homelessness prevention program. It must recognize, and fund development of, a Homelessness Prevention initiative along the lines of the model developed in New Jersey, Pennsylvania, and other states. This program would be targetted

to those who are facing a temporary economic crisis, and, in many cases, could be operated as a no-interest, revolving loan.

A federal program should also encourage the cost-effective, preventive use of existing federal funding streams to help eligible low-income households maintain their homes. Homelessness prevention initiatives, such as those run by the Departments of Human Services in New Jersey and California, utilizing Emergency Assistance monies which have a federal, state, local match requirement, have proven to be a tremendously cost-effective way of keeping poor families housed, rather than sheltered. Any attempts by the federal government to further restrict this and similar programs in ways that prohibit use of their funds for prevention efforts, must be strongly opposed.

This program should also address the plight of those threatened with homelessness due to disruption in state or federal checks upon which they rely. This type of economic disruption is a major cause of eviction among our poorest families, who often are unable to locate affordable housing once they have lost their original apartment. The creation of a federal prevention fund could help avert this type of crisis.

The federal government should also offer matching grants to states, counties and municipalities to encourage the creation and expansion of innovative prevention efforts. Such a policy, if funded adequately, could lead to assistance of hundreds of thousands, if not millions of families, each year, who would otherwise be out in the streets.

Timely intervention and preventive support services is obviously a humane and sensible approach to beginning to stem the tide of homelessness disrupting our country's citizens today. It is not, however, and must not be viewed, as a solution to the crisis facing us today. To seriously address homelessness, we must begin raising supplemental income benefits; build, renovate and protect low-income, truly affordable housing; address the minimum wage issue; commit ourselves to re-building our depressed urban and rural areas - bringing jobs, better education, and hope to people trying to make it on their own.

We at the American Affordable Housing Institute are committed to the goal of decent, safe and affordable housing for all Americans. We are working in a variety of policy areas, including homelessness prevention, towards finding innovative public and private solutions to these critical and complex problems.

I appreciate the opportunity to share some of our findings and recommendations today, and would like to offer our continued assistance to this Committee as it addresses the housing needs of the American people.

TESTIMONY OF RONALD L. WILLIAMS
EXECUTIVE DIRECTOR/SR. VICE PRESIDENT
COVENANT HOUSE/NEW YORK

BEFORE THE SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

JUNE 1, 1989

I am very grateful for the opportunity to address this subcommittee on issues related to the National Affordable Housing Act and the McKinney Act, and how each of these initiatives may impact upon the constituency that I represent -- homeless and runaway youth.

I am the Executive Director of Covenant House/New York. My agency provides a continuum of services to homeless, exploited, troubled young people, ranging from street outreach to the hardest-to reach kids, emergency residential crisis care for youth in need of and willing to accept shelter, and longer-term transitional housing for those youths able to stabilize themselves for an eighteen-month period and make the transition into permanent independent living. Roughly 10,000 youths received one or more of these services during the last fiscal year, with approximately 90% of our budget coming from private sources.

While Covenant House is in a fortunate position in that we have the support of a large and generous donor base, we are, nonetheless, well aware of the reliance of many of the smaller shelters and programs on government dollars. (As the president of the Empire State Coalition of Youth and Family Concerns, I know the struggle for economic survival that member agencies are continually faced with.) The attention to the problem of homelessness at the Federal level, embodied in the McKinney Act and the more recent National

Affordable Housing Act is heartening and encouraging, and I applaud the efforts of the sponsors of the latter in examining potential obstacles or unintended burdens which may impede potential funding recipients from benefiting from these initiatives.

There are several key points which I would like to make with regard to current federal initiatives and how they can impact the work of private not-for-profit agencies. I would begin by saying that our experience at Covenant House working with homeless and runaway youth, (as well as our contacts with hundreds of small community-based programs throughout the country serving this very vulnerable population), suggest that the only humane and compassionate provision of shelter is in private, often religiously-affiliated agencies. Public shelters, particularly those in large urban areas, perpetuate the cycle of violence, substance abuse and despair which define the experience of so many homeless and disconnected people. Shelters which simply provide sleeping space, meals and a shower without addressing the spiritual and emotional needs of the clients do little if anything to challenge the unconscionable conditions in which homeless people find themselves. Merely maintaining the homeless in conditions which often are less preferable (and frequently more dangerous) than the streets, falls far short of effective and humane public policy.

The need for a contextual value base and a framework of emotional and spiritual support is particularly clear in the case of homeless adolescents. The youth whom we serve in our programs are victims of every social and medical ill that our nation currently faces. Physical and sexual abuse, drug addiction, and, most recently, AIDS and AIDS-related illnesses have all had an enormous impact upon our clients. For these youngsters, violence or the threat of violence is an ever-present reality and programs which offer them shelter must also offer sanctuary in a caring and protective environment.

I offer these opinions as a way of encouraging legislators and administrators at the federal level to find ways to funnel money to private organizations caring for our nation's homeless. There needs to be tremendous regulatory flexibility in assisting the smaller voluntary "points of light" operating at the grass-roots level today. It has been our experience at Covenant House that program models which do not easily fit into established molds do not receive favorable consideration from funders at the federal level. (We are currently involved in a disagreement with H.U.D. over McKinney funds for operating expenses for Rights of Passage, our transitional living program for 18 to 20 year-olds. The sticking point has to do with the requirement that we establish written contracts with our clients, a concept which is totally contrary to our

philosophy of establishing relationships built upon trust and covenants.)

The Rights of Passage program exemplifies what a successful partnership among the public, non-profit and private sectors can achieve. The young men and women in the program, aged 18 to 21, are selected from among our crisis center population, and are chosen on the basis of their motivation and willingness to make a long-term (12 to 18 month) commitment to us. They receive education assessments, vocational counselling, and are placed in career-track positions in private-sector corporations which have agreed to work with our staff in easing the young person's adjustment to the work environment. A key component of the Rights of Passage is the mentor program, in which each youth is assigned an adult mentor who will advise him or her on issues ranging from career planning to social decision making. These mentors are usually executives of major corporations who make and sustain a commitment to a young person in our program, and this commitment leads to a relationship that can be a life-long source of guidance and support for the youth. This program really works. The program model of Rights of Passage consists of a trinity of three basic and integral parts: the entry level, career-track job, the mentor, and a long-term residence. It was designed with the input of the youth themselves: they told us what they needed in order to make the transition to

adulthood -- a value-based structure which would empower them to make significant changes in their lives.

In summary, I would simply urge the members of this subcommittee, who are so clearly concerned with the plight of the homeless in our country, to carefully consider ways to introduce and encourage flexibility and creativity in approaches to dealing with this national tragedy. In response to the charge that federal programs are contributing to the institutionalization of homelessness, I would say that this does not necessarily have to be the case. I would stress, however, that programs to assist homeless people must have as their goal permanency for their clients, whether in the form of supported housing, transitional living programs, or financial assistance for families purchasing homes. Temporary shelter should be viewed as short-term at best, and must, as I mentioned earlier, be offered in a compassionate and humane environment. Covenant House's Rights of Passage program is considered to be a model of the type of transitional living program needed to impart values, built upon human relationships, that will lead young people into making positive and lasting changes in their lives. I encourage legislators and policy makers to offer their full support to similarly innovative programs through regulatory flexibility, creativity and imagination.

N O S A C

National Organization of State Associations for Children

TESTIMONY OF

FRED BRANCATO

CHAIRMAN

NATIONAL ORGANIZATION OF STATE

ASSOCIATIONS FOR CHILDREN

BEFORE THE

SENATE SUBCOMMITTEE

ON HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C.

JUNE 1, 1989

My name is Fred Brancato, and I am representing the National Organization of State Associations for Children (NOSAC). NOSAC represents 25 state associations of private voluntary agencies whose members provide services to children and families. Such services include community-based family preservation services, out of home care, including family foster care, group home care and residential treatment, family reunification and adoption. NOSAC was formed to help its members strengthen their state associations, to represent, at the national level, the service concerns of their member organizations, and to advocate on behalf of the needy children and families they serve.

The state association I work for in New York, the Council of Family and Child Caring Agencies, represents 140 not-for-profit agencies who provide foster care, adoption and community-based family preservation services to approximately 50,000 children and families at any given time.

The 1,000 service provider agencies represented by NOSAC are deeply concerned about the dramatic increase in the number of families whose children are entering foster care as a primary result of homelessness and substandard housing. The experience of those providing family preservation and foster care services is that increasing numbers of children are living in abandoned cars, bus stations, shelters, single room occupancy hotels and

decayed houses where there is no heat or running water, and where crime is the order of the day. Agencies are also reporting that there are more instances of two and three families living together in one very small apartment. Increasing numbers of these children are placed in foster care and are unable to be reunited with their families after other problems are resolved because their families can't find adequate, affordable housing.

According to the U.S. Conference of Mayors, one of every four homeless people is a child. Using National Coalition for the Homeless estimates, that would mean there are an estimated 500,000-750,000 homeless children in the U.S. A 1987 study done by the Child Welfare League of America and Travelers Aid International showed that for every ten adults seeking help at Travelers Aid agencies, eight children were affected. And the foster care rate of children left behind by the families and single people was three to six times higher than that in the general population.

A number of children are placed in foster care for the primary reason that their parents, and those who are trying to help them, can't find a decent place for them to live. According to studies done by the New Jersey Division of Youth and Family Services and the New Jersey Child Placement Review Advisory Council, in 1986 over 1,200 children were placed in foster homes in New Jersey simply because their parents could not find a decent, affordable place to live. This represented almost 18

percent of all the children in foster care in the state. According to a 1987 study by the Association for Children of New Jersey, homelessness was the primary factor in the foster placement of 25 percent of the cases in Newark and an underlying factor in 42 percent of the Newark cases.

The Council of Family and Child Caring Agencies in New York conducted a simple survey in 1987 of 23 of its member agencies. The study found that there were 311 children in foster care who could not be returned home after all other problems were resolved because their parents or extended family did not have adequate housing. One hundred and fifty-one of these children had siblings also in foster care. In addition, nearly all the agencies responding to the survey said that the vast majority of children in their care had housing as a major problem, although housing was not the sole factor preventing their return to their families.

One community-based family preservation service agency operating several programs in different neighborhoods in New York City recently informed me that 90% of the families it is currently serving have housing problems. Half of these families have serious housing problems, i.e. no suitable plumbing, no heat, life-threatening, deteriorated structures. Thirty percent of these families are living with other families in doubled and tripled-up conditions. And 10 - 20% live in shelters or on the streets. When another agency that provides foster care in New

York City recently surveyed the 700 children in its care who had the goal of "discharge to parent," they discovered that approximately 350-450 children had families with serious housing problems. At the point when these children are ready for discharge, reunification with their parents will be deferred until their families' housing situations improve.

The children who are entering the foster care system or are stuck there simply because of housing are adding to an already overburdened foster care system. The foster care system today is being asked to pick up the pieces where many other systems in society have failed. The foster care system is under increasing pressure to provide care for children who are brutally abused and seriously neglected, who are mentally ill and who are extremely violent. An eroded minimum wage, the increasing use of crack and other drugs, and with that, an increase in AIDS, are putting incredible pressures on families. The lack of affordable housing is often the straw that breaks the camel's back. When there is no housing, the family falls apart. As a result, children are flooding the foster care system. For example, in the state of New York, the number of children in foster care jumped from 26,000 to 47,000 between 1986-1989, and there are many more children not being protected or served.

Another population that we feel needs targetted housing assistance are the children for whom permanent families were never found and who are about to age out of foster care. These

children, some of whom have been in foster care for years, by law must leave the foster care system at age 18. Federal assistance is being provided to states for the purpose of intensified Independent Living programs which will train this population of youth in the various skills they need to live independently. However, no matter how much skills training is provided, there is still a great need for affordable housing for this population of children who have already suffered so many deficits in their lives. In a lawsuit the Coalition for the Homeless brought against New York City in 1986, it was estimated that there were 10,000 homeless youth between the ages of 18 and 21 who had been in foster care. This population also needs special attention when any legislation regarding affordable housing is framed.

Thus NOSAC wishes to make the following recommendations for amendments to S. 566, The National Affordable Housing Act:

1. The provision of monthly subsidies to go to:

- a) families identified by social service agencies as having lack of adequate housing as the primary factor preventing the child from leaving foster care and returning home to his or her family; and
- b) children aging out of foster care and successfully involved in independent living programs.

2. Application of the current federal selection preferences for public housing and assisted housing programs to all of the programs in S. 566.

3. The addition of qualifying language to the current selection preferences:

Add to the priority category of families "living in substandard housing" language that would include families where substandard housing or lack of housing is a primary factor in the imminent placement of a child in foster care, or is a primary factor preventing discharge of a child from foster care and reunification with his or her family.

We are aware that there are vast numbers of homeless people who need help. Nevertheless we feel that these amendments would provide a strategic, focussed placement of dollars where they would solve a number of problems at once. If the children who don't need to be in foster care could be returned home, that would take some pressure off the ever-expanding foster care system. Foster care providers could use their efforts and resources to better serve the thousands of other children that are coming into the system.

Thank you.

Testimony of Jonathan Zimmer, Executive Director
of ACTION-Housing Inc.
to the Senate Subcommittee on Housing
and Urban Development
Concerning Senate Bill 565

Introduction

I am Jonathan Zimmer, executive director of ACTION-Housing, Inc., a non-profit housing agency in Pittsburgh with a 32 year track record of producing decent, affordable housing for low and moderate income families and a host of other vulnerable populations including homeless families and individuals. I am here today representing the National Association of Housing and Redevelopment Officials (NAHRO) and its Task Force on Homelessness, of which I am a member. Following are some brief comments on specific features and provisions of the bill.

Supportive Services in Public Housing Communities and Elderly Housing Facilities

I was very pleased with the overall tone and thrust of the bill, particularly with the emphasis it provides on combining housing programs with supportive services to assist low-income families to achieve self-sufficiency, and to help frail, elderly persons to avoid institutionalization. Agencies such as ACTION-Housing have seen clear evidence of a need for this type of approach for many years and we believe it should be incorporated in all future national housing policy.

Our only concern about the bill's provisions regarding supportive services is that there does not appear to be any funding specifically targeted to the services themselves. Rather, the emphasis is on renovating spaces in public housing communities and other housing facilities for the delivery of these services. I believe that specific funding should be allocated to cover up to 15% of the cost of providing these services. This would provide housing authorities with a valuable additional tool in attracting other public and non-profit service agencies to their communities.

Our agency has had a considerable amount of experience in this area because we currently coordinate a major supportive service program in six public housing communities in Allegheny County. Our staff consists of three social workers, four VISTA volunteers, four senior aides and two interns from the University of Pittsburgh's Graduate School of Social Work. This small coordinating staff has in turn secured the services of more than 90 public and non-profit agencies, and private businesses to respond to the various needs of both the adults and children in these six communities. These services are being provided on an ongoing basis at no cost to ACTION-Housing, the Allegheny County Housing Authority, or project residents. The most essential ingredient in this initiative has been the work of the core staff. In order to make programs of this type work in other housing authorities across the country, special funding needs to be made available through HUD to support these staff costs.

Comprehensive Planning

Comprehensive planning has been the key to virtually everything which has occurred to date to address the problem of homelessness in Pittsburgh and Allegheny County. These accomplishments include: 1) the development of an effective emergency shelter system operated by neighborhood-based religious and social service agencies; 2) the creation of 12 transitional "bridge" housing facilities with a capacity to help 177 homeless persons work toward self-sufficiency; 3) the development of permanent SRO housing in five separate facilities with a total of 443 beds; and 4) the establishment of several preventive programs designed to help unemployed people save their homes from foreclosure and to avert the eviction of families from public housing communities and other low cost housing through various counseling and rental assistance programs.

Due to the comprehensive planning process which was implemented in Pittsburgh, a broad cross section of community leaders and more than 40 key public and non-profit organizations have become directly involved in efforts to address the homeless problem. We have received substantial help from state, county and city government, the United Way, local foundations and corporations, the religious community, and a multitude of health, education, job training and social welfare agencies.

Based on the successes we have experienced in Pittsburgh, which are further documented in NAHRO's Resource Book on Assistance for Homeless Persons, I fully support the provision in the Cranston-D'Amato bill which would require local communities to put together comprehensive plans to respond to the various problems and needs of homeless families and individuals. HUD officials should be encouraged to write regulations which are designed to help ensure the production of higher quality planning documents than those which emerged from the McKinney Act.

The Fundamental Importance of Public Housing Authorities

As a practitioner at the local level for nearly 25 years (my career began as a VISTA volunteer in 1965), I have a great appreciation for the critically important role which is played by public housing authorities in providing decent, affordable housing to very low-income people in large and small communities throughout the country. Without the invaluable work performed by these organizations, the homeless problem would be far more critical than it is today.

Public housing clearly represents one of our most valuable national resources, and adequate funding needs to be provided by Congress to ensure its viability over the long run. I don't believe the Cranston-D'Amato bill goes far enough in supporting the traditional role of public housing authorities and it is severely deficient in its proposed funding levels for modernization of existing public housing units.

A More Flexible Section 8 Mod Program is Needed for Transitional Housing Facilities

The Section 8 moderate rehabilitation program could be a marvelous resource for transitional housing facilities if certain changes were made in the regulations. The program would be particularly useful for these facilities because it provides long term support (15 year contracts) and frees up other resources for essential services to help residents achieve self-sufficiency. The key regulation which needs to be changed is the long term leasing requirement which defeats the basic purpose of transitional housing, i.e. to move a person into self-sufficiency and thus out of the facility after a specified period of time.

I greatly appreciate the opportunity you have provided to me to testify on this most important piece of legislation and thank you for your ongoing efforts to help address the nation's urgent housing problems.



American Psychiatric Association

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STATEMENT OF

THE AMERICAN PSYCHIATRIC ASSOCIATION

ON

S. 656 "THE NATIONAL AFFORDABLE HOUSING ACT"

PRESENTED BY

JOHN A. TALBOTT, M.D.
PROFESSOR AND CHAIRMAN, DEPARTMENT OF PSYCHIATRY
UNIVERSITY OF MARYLAND SCHOOL OF MEDICINE

BEFORE THE

SENATE BANKING AND URBAN AFFAIRS COMMITTEE
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

ON

JUNE 1, 1989

Mr. Chairman and Members of the Senate Banking Committee, I am Dr. John Talbott, Professor and Chairman of the Department of Psychiatry, at the University of Maryland School of Medicine. I am also a Past President of the American Psychiatric Association, a medical specialty society representing more than 35,000 psychiatrists nationwide, on whose behalf I appear today. I will restrict my testimony to the provisions of S. 565, the National Affordable Housing Act, as they pertain to supportive housing for the homeless population in our country.

I have had the honor of appearing before various Congressional Committees on several occasions to share my views on various public policies designed to meet the needs of those myriad of individuals who we have come to refer to simply as the "homeless." Regrettably, since I testified before the Senate Appropriations Committee on the genesis of homelessness in America more than three years ago — and reported on the findings and key public policy recommendations of the American Psychiatric Association's Task Force Report on the Homeless Mentally Ill (based not only on the expertise of the members of the Task Force, among whom were leading experts in the field, but upon the data amassed through a series of site visits to shelters and other programs seeking to serve the needs of the mentally ill homeless across the country) — the recommendations are still germane as they pertained to the management of the population of homeless mentally ill.

Allow me, Mr. Chairman, to make three major points regarding S. 565 and develop them in drawing from the Task Force's study of the homeless mentally ill, because it is only within the context of what we know about this population, that Congress can craft specific, appropriate remedies such as those envisioned in Senate Bill 565.

First, in our country the number of seriously and chronically mentally ill among the homeless is staggering (from 20 to 80 percent of the estimated 750,000 to 3 million homeless, depending on where the study was done, live in the streets or in shelters). As the Chairman and the Subcommittee Members know, until recently the homeless were largely regarded as shiftless, poor, alcohol-abusing vagabonds. In recent years, however, their numbers have included an increasing number and percentage of persons suffering from serious and chronic (long-term) mental illnesses: primarily schizophrenia, unresponsive psychotic depression and organic mental illnesses. Even taking a conservative figure of 20 percent, we are talking about a great number, and the number and percent who have been in state mental hospitals is even higher.

When you look at the homeless mentally ill, realize that you are dealing with two problems with multiple causes and subgroups: homelessness and chronic mental illnesses. Each, in and of itself, is a formidable challenge to resolve, but combined, they present a problem of unprecedented magnitude and complexity. The population bears the cross of a dual disenfranchisement from society and its agents of service delivery: the mentally ill are often excluded from programs designed to serve the homeless, and those who are homeless are typically screened out from receiving services designed for the chronically mentally ill. The homeless mentally ill have become our society's "untouchables", unable to advocate for themselves, unable to protect themselves from harm, unable to acquire the bare necessities of living.

Recently, as reported on the front page of the May 22, 1989 New York Times, alcohol and drug addiction have emerged as another major reason for the homelessness of men, women and families. Many of the chronically mentally ill are also addicted to either drugs or alcohol. The crack cocaine epidemic has

certainly increased the numbers of the homeless above our earlier estimates at the time of the APA's Task Force Report. As reported in the Times, experts who are finding a substantial drug problem among the homeless found that close to 50 percent of the homeless men living in downtown Los Angeles were addicts and 75 percent of men arriving at the Franklin Avenue shelter in the South Bronx were addicts. However, tragically, treatment programs are virtually non-existent. While there are between 50,000 and 100,000 homeless people in Los Angeles County, there are only 20 to 25 beds available for them in residential treatment programs.

Second, for this population, a simple, single housing facility is insufficient. Instead, these disabled citizens require a range of graded, step-wise housing opportunities from large halfway houses to smaller group homes, to individual apartments or homes. As opposed to those out of work, burned out of their homes, etc., the severely and chronically mentally ill cannot resume their full personal, familial, social, vocational and community lives following treatment of their acute phase of illness. They must also slowly recuperate from their illnesses — often progressing from acute inpatient units to chronic state hospitals to rehabilitation programs to day hospitals or half-way houses to group or foster home to independent living — in a slow but progressive manner. Thus, they need a range of housing opportunities, that includes more "restrictive" and larger sized facilities, smaller group and family homes, and eventually, individual homes or apartments.

Mr. Chairman, in 1955 there were 559,000 patients in state hospitals; today, at any given time, there are approximately 123,000. Conceptually, deinstitutionalization was not flawed; its implementation was. The importance of psychoactive medication and a stable source of financial support was perceived,

but the importance of developing such fundamental resources as supportive, living arrangements was not clearly seen nor implemented. Nor was it foreseen how reluctant many states would be to allocate funds for community-based services. Almost immediately after deinstitutionalization occurred, society reacted vehemently to the presence of the homeless on our cities' streets.

An adequate number and ample range of graded, stepwise, supervised community housing settings must be established. While many of the homeless may benefit from temporary housing such as shelters, and while some portion of the severely chronically mentally ill are able to graduate to independent living, for the vast majority, neither shelters nor mainstream low-cost housing (such as Section 8 or Section 202 housing) are in and of themselves appropriate. Instead, there must be settings offering different levels of supervision, both more and less intensive, including quarterway and halfway houses, lodges and camps, board and care homes, satellite housing, family or foster care, and crisis housing or temporary hotels. Organized and supervised living arrangements can help stabilize the lives of such individuals to a marked extent. Supervision would help ensure that medications are taken, that an address is available for the delivery of SSI, SSDI, Medicare and Medicaid payments, and that there is an address available for case workers and health and supportive care providers.

Third, while affordable, accessible housing is necessary for this population, it is insufficient, absent supervision (ranging from full-time, on-site staff in intensive settings to potentially-frequent visits from visiting nurses, social workers, case managers and the like) when disabled persons are living more independently. They require different levels of supervision and services depending on their degree of residual mental impairment and progressive ability to resume activities of everyday living (shopping, cooking, banking, job-hunting,

etc.) They thus require more intensive medical-psychiatric care as they are in the early phase of recuperation, greater full-time staff involvement as they re-enter the community, then continuing follow-up by visiting nurses, social workers and case managers (depending on their individual needs), until they are fully re-established in the "mainstream."

To summarize, adequate, comprehensive, and accessible psychiatric and rehabilitative services must be available and must be assertively provided through outreach services when needed.

First, there must be an adequate number of direct psychiatric services, both on the streets and in the housing provided, when appropriate, that provide (a) outreach contact with the mentally ill in the community, (b) psychiatric assessment and evaluation, (c) crisis intervention, (d) individualized treatment plans, (e) psychotropic medication and other somatic therapies, and (f) psychosocial treatment. A clear model for this sort of service system was established in the 1980 Mental Health Systems Act (PL 98-398) though, regrettably, that law was later repealed during the first months of the Reagan Administration.

There must be an adequate number of rehabilitative services providing socialization experiences, training in the skills of everyday living, and social rehabilitation. Programs providing such services could be patterned after day treatment programs, or some of the more social support-related services provided by senior centers. These treatment and rehabilitative services must be provided assertively, for instance, by going out to patients' living settings if they do not or cannot come to a centralized program.

General medical assessment and care must be available. Since we know that the chronically mentally ill have three times the morbidity and mortality of their counterparts of the same age in the general population, and the homeless even higher rates, the ready availability of general medical care is essential and critical. Again, this could occur within the housing sites or within the rehabilitation programs.

Crisis services must be available and accessible to both the chronically mentally ill homeless and the chronically mentally ill in general. Too often, the homeless mentally ill who are in crisis are ignored because they are presumed to reject all conventional forms of help. Even more inappropriately, they may be put into inpatient hospital units when rapid, specific interventions such as medication or crisis housing would be more effective and less costly. Others may be incarcerated in corrections facilities, even more inappropriate and more costly than other settings. Others in need of acute hospitalization are denied it because of restrictive admission criteria or commitment laws. In any case, it will be difficult to provide adequate crisis services to the homeless mentally ill until they are conceptualized and treated separately from the large numbers of other homeless persons.

A system of responsibility for the chronically mentally ill living in the community must be established, with the goal of ensuring that ultimately each patient has one person responsible for his or her care. The shift of psychiatric care from the institutional to community setting does not in any way eliminate the need to continue the provision of comprehensive services to the mentally ill. Indeed, the need for asylum for such persons may be even greater when confronted by the larger community setting. As a result, society must declare a policy of

responsibility for the mentally ill who are unable to meet their own needs; governments must designate programs in each region or locality as core agencies responsible and accountable for the care of the chronically mentally ill living there; and the staff of these agencies must be assigned individual patients for whom they are responsible. The ultimate goal must be to ensure that each chronically mentally ill person in this country has one person -- a case manager, if you will, who is responsible for his or her treatment and care. The entire burden must not be allowed to fall upon families as if this illness -- as compared to physical illness -- were their fault and they should be punished.

In summary, Mr. Chairman, this is not a problem that lends itself to easy, single solutions. Senate Bill 565 is a giant step forward, but is still only one step as regards this particular group of homeless Americans. The "supportive services" which you have outlined in your bill, I feel, must be mandatory inclusions in the housing grantee's application for assistance under this bill, not merely "discretionary" activities. While this bill recognizes the need for different types of housing for the homeless eligible for assistance, it fails to establish a separate and distinct section specifically targeted at housing and supportive services for the chronically mentally ill homeless. Remember, they need a range of housing opportunities from more restrictive facilities to smaller group and family homes to individual homes and apartments. Housing providers must assure the Federal Government, for purposes of eligibility, that they will provide the necessary, ancillary medical-psychiatric services and continuing follow-up services to better re-establish the chronically mentally ill homeless Americans into "mainstream" society.

Thank you for the opportunity to testify today of behalf of these tortured persons. Hopefully, the so-called Nursing Home Reform legislation enacted into law with its well-intended screening to ensure treatment for the mentally retarded and mentally ill will not further exacerbate the problem. Certainly, the present numbers of homeless mentally ill do not need to be increased by deinstitutionalized nursing home patients. We appreciate your attention and concern, and I, and the American Psychiatric Association, stand ready to assist you in making necessary refinements to S. 565.

WEINGART CENTER
A Health and Human Services Complex

TESTIMONY OF

MAXENE JOHNSTON
PRESIDENT
WEINGART CENTER ASSOCIATION

BEFORE THE
ROUNDTABLE HEARING ON
"HOMELESSNESS IN AMERICA"

SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

WASHINGTON, D.C.

JUNE 1, 1989

Homelessness in America
and the National Affordable Housing Act
(S. 565 and S. 566)

My name is Maxene Johnston and I am the President of the Weingart Center Association. I know of your important work looking at the problems of homelessness and you are to be commended for now looking at long-range solutions.

Let me first say I commend you, Mr. Chairman, and members of the subcommittee for making the homeless issue such an important priority in your deliberations this year. I am especially pleased and encouraged to see this hearing focus on refinements to homeless assistance provisions in the National Affordable Housing Act (S. 565 and S. 566).

I realize that your special interest today is in the role of federal government to provide housing and other supportive programs by exploring issues concerned with current initiatives, McKinney Act programs and the relationship between homelessness and affordable housing strategies. It is from my perspective in running the Weingart Center and our emphasis in the service side of the housing equation that I would like to make some specific suggestions.

First, I will describe to you what we are doing in Los Angeles.

In 1984, the Los Angeles business community responded to the plight of the homeless by creating the Weingart Center Association. The Association was formed to manage a renovated 12-story Skid Row

hotel, now known as the Weingart Center. The Center is the largest multi-purpose complex of health and human services for the homeless and poor in California and perhaps the nation.

We are organized to deliver services with a "one-stop shopping" approach by providing a wide variety of services to more than 1,500 and up to 2,000 people a day.

The committee might find it interesting, to note that a recent study in San Francisco found that for people with a permanent place to live, it takes about 12 hours a week to meet one's basic needs for food, hygiene, clothing and sleeping. Comparing this to a person in that city's homeless shelter system trying to meet those basic needs, it takes them 32 hours a week.

So, it is clear that being homeless, particularly in San Francisco with the variety of services being spread out, is a full-time job.

The Center in Los Angeles has nine public and private agencies under one roof, offering everything from alcohol, medical, mental health, veterans services, housing, job referral, and more.

The business community serves as the social entrepreneur and broker among these entities. Its job is to assure that services funded through a combination of public and private revenues is responsive to the ever-changing and rapidly changing marketplace of those it was established to serve, the poor.

I think it is fair to say that we are losing people to the vicious downward cycle of homelessness faster than we are ever able to replace needed housing. I believe the strategy for the future needs to be providing short-term and transitional housing along

with other services while we work toward permanent answers to the housing shortage.

The basic mission of the Center is the same as that employed by successful customer driven service companies -- know your customers and serve their needs.

Our customers, the homeless, want exits out of the homeless cycle and off the streets. Using private industry expertise and professional management, we have been able to integrate the delivery of services and provide quality of value and convenience for our customers and for our investors.

62 percent of the people we see do not return to the streets when they leave the Center, with the average stay being 40 to 45 days. We catch people who are derailed, people who are more familyless than they are traditionally homeless, and get them back on track.

We broker or pull together a plan for those who are disabled, who might always be disabled but with some brokered services into money management and other systems they can use the available housing. And then we also provide some short term relief for people who are dysfunctional and need care way beyond what is available in the community-based organizations that exist.

The key to the success of the Weingart Center's approach has been participation at all levels, by offering a full range of services in one place.

County dollars and county agencies do not bear the cost for veterans' care. City dollars extend the limitation of county resources, and federal and state programs add new options at the

local level without new costs.

The end result is a strategy that makes good economic sense and provides better services for individuals and greater effectiveness to communities.

What we need, Mr. Chairman, from Washington is support for innovations like ours and others around the country. Such support can take a variety of forms, but there are three specific areas regarding homeless assistance Congress could concentrate on to reduce bureaucratic barriers, improve desired program levels and move us closer to our goals.

CURRENT INITIATIVES

o Array of Services

There are several gaps in the array of services offered for the homeless. In a nutshell, there is insufficient depth in all of the programs funded.

Very specific gaps include:

1) The Section 8 Moderate Rehabilitation program does not permit non-profit sponsors to apply directly to HUD, but instead requires them to apply through their Housing Authority. This should be changed to permit direct application.

2) The Surplus Property provisions of the McKinney Act are overly bureaucratic and arbitrary, with each federal agency making up their own rules. In California, the program has not worked. While it's

been improving, there still remains much to be done.

3) Very, very little funding has been made available to veterans, in fact it is almost non-existent. While vets make-up nearly one-third of the homeless population, very few services are targeted to them.

4) Major, specific, service area gaps in the health care services program under McKinney include persons with AIDS, the dually diagnosed (i.e. substance abuse and chronically mentally ill) and pregnant women. Also, there is very little funding available for persons with drug problems, i.e. treatment. Drug-abuse is a growing problem with the homeless, these people need treatment services now.

o Unintended effects of status law or rigidities in regulation

Many of the programs are exceptionally complicated to apply for and require extraneous information (i.e. the HUD Transitional Housing Program requires documentation on such matters as historic preservation and flood control areas that are not relevant). The HUD Permanent Housing for the Disabled, through program staff interpretation does not include persons with AIDS. This makes no sense with today's realities. This interpretation is rigid, excludes people and

perpetuates the problem.

o Institutionalization Issue

Homelessness will be institutionalized insofar as the government does not provide the up-front support (i.e. literacy, education, job training) and the back-end support (housing, income, community care facilities). We must institutionalize effective long-term strategies and reduce the support for quick-fix responses.

MCKINNEY REVISIONS

First, we need desperately to have some more long-term funding. Each year nonprofit agencies providing needed services to the nation's homeless, scramble to put together funding to keep their doors open.

In Los Angeles, a typical agency's funding is a patchwork of at least eight different funding sources. We have just been informed that after three years of funding through California's emergency shelter program, funded by the federal McKinney Act programs, we are no longer eligible. It is their most successful rate, but we have been told that they want us to do something new and we are no longer eligible to receive funds for what we had been doing and improving upon it. We have to invent a new program. We are not eligible.

Long-term multi-year funding would allow agencies to spend more time delivering services rather than fighting for funding. The supportive housing programs currently allows applicants to

apply for up to five years of operational support. This provision should be extended to other McKinney programs.

Second, we need flexible and targeted funding. If what the Weingart Center has taught us, it is one important lesson; that service integration is critical to getting the job done. Without support for the onsite service broker or social entrepreneurs, services will continue to be fragmented and providers will remain discipline driven rather than consumer driven.

Let me suggest that Congress can prevent this fragmentation and at the same time secure your investment in the McKinney Act funds by creating discretionary funding to implement the critical brokering to coordinate service mechanisms at all levels.

Public and private agencies want help to integrate services, and they need the authority to proceed in this direction. Therefore, a top priority for Congress should be to provide more flexible funds for services, targeted funds for housing, and in each case, an emphasis on brokered services.

And, as you have already heard today, restoration of SAFAH funding is essential to accomplishing this. It is the glue that can keep the paper thin facilities and programs together.

Lastly, we need the match requirement modified. A true commitment to funding solid homeless programs would be reflected by modifying matching fund requirements to various McKinney programs.

The Weingart Center Association had to withdraw our application for funds that would enable us to add 45 new transitional housing beds with caseworker services because we did

not have a cash match. All of our cash is used for services -- so we lose the ability to expand and improve. We lose, the homeless lose and we fall further behind.

Modifying or creating a waiver in some instances would simplify the funding process immensely and open up the door for greater nonprofit participation.

RELATIONSHIP BETWEEN HOMELESSNESS AND AFFORDABLE HOUSING STRATEGIES

Federal housing dollars should be targeted to very low income persons -- persons earning less than 50% of the median, as compared to first-time homebuyers. The majority of the federal dollars for housing should go toward permanent housing and not shelters and transitional housing. Just as in California, Proposition 77 and Proposition 84, recently passed by the voters, authorized the sale of \$450 million in general obligation bonds, only \$25 million is for shelters and transitional housing. We need housing, real housing.

o Homeless Families Preference

Homeless individuals and families should be given preference, or priority for subsidized housing, while still permitting an income mix in housing. The need to catch the "near" homeless, be they singles or families, before they fall into a downward spiral is critical to long term management of this issue.

PRIORITIES FOR SPENDING

It should not surprise you now to hear me recommend the highest priority for new spending should be to target multi-service programs that fully integrate services with professional management early in the homeless cycle. The homeless industry needs to be service driven, not shelter driven. Simply put, we must have housing and services linked together by law. The goal should be to move from a focus on our shelter system and refocus on full-service centers. If we can develop more full-service facilities, and factor in longer periods of funding support to achieve financial viability and program effectiveness, we will ultimately manage the growing problem. Over time, this focus will help to reduce the number of people who become permanently homeless and permanent customers of government spending instead of contributors to government spending.

It is too late to do away with the homeless problem. The issue now is how to manage it. The issues are as much a money problem as they are a plumbing problem. We must connect the housing pipeline with the service pipeline.

With Congressional action, cooperation, and commitment, the public and private sectors can be encouraged to manage existing resources in innovative ways to reduce the numbers of people permanently disabled by homelessness.

Solutions in the end are complex, but innovations are endless. We must think about this problem in new ways, and that begins with hearings such as this and minds such as yours.

Thank you very much.

